



## **Leadership Board**

Tuesday 21st March 2017 at 2.00 pm

Meeting to be held in a Committee Room, Northumberland County Council, County Hall, Morpeth, NE61 2EF

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## **AGENDA**

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	Page No
<b>1. Apologies for Absence (Members)</b>	
<b>2. Declarations of Interest</b>	
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.	
<b>3. Minutes of the Previous Meeting held on 17 January 2017</b>	<b>1 - 6</b>
For approval as a correct record.	
<b>4. Minutes of the Extraordinary Meeting held on 7 March 2017</b>	<b>7 - 8</b>
For approval as a correct record.	
<b>5. Appointment of the Monitoring Officer</b>	<b>9 - 12</b>
<b>6. "Health and Wealth: Closing the Gap in the Northeast" - the report of the NECA/NHS Commission for Health and Social Care Integration</b>	<b>13 - 38</b>
<b>7. Updates from Thematic Leads</b>	
(a) <b>Economic Development and Regeneration</b>	<b>39 - 56</b>
(b) <b>Employability and Inclusion</b>	<b>57 - 68</b>

**8. Project Approvals - Local Growth Fund and Going Ultra Low**

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

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|-----|--|-----------|
| 9.  | <b>Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016</b>  | 79 - 104  |
| 10. | <b>Overview and Scrutiny Committee Policy Review: Transport related barriers to education, employment and training</b> | 105 - 130 |
| 11. | <b>Sustainable Urban Development Funding</b>   | 131 - 136 |
| 12. | <b>Date and Time of Next Meeting (Annual Meeting)</b>  |           |

Tuesday, 20 June 2017 at 2pm at North Tyneside Council.

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

**To All Members**

## North East Combined Authority

### Leadership Board

17 January 2017

Meeting held Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

#### Present:

Councillor: P Watson (Chair)

Councillors G Davey, N Forbes, M Gannon, S Henig and I Malcolm and Mayor N Redfearn

#### 80 APOLOGIES FOR ABSENCE (MEMBERS)

Mr A Hodgson.

#### 81 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 82 MINUTES OF THE PREVIOUS MEETING HELD ON 15 NOVEMBER 2016

The minutes of the previous meeting held on 15 November 2016 were approved as a correct record and signed by the Chair.

#### 83 UPDATES FROM THEMATIC LEADS

##### (a) Economic Development and Regeneration

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.

**RESOLVED** – That the report be noted.

##### (b) Employability and Inclusion

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 the latest progress made in delivering the Employability and Inclusion and Skills themes of the Strategic Economic Plan.

**RESOLVED** – That the report be noted.

**(c) Transport and Digital Connectivity**

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

Members considered the report which provided an update on the progress made towards delivering the Transport Manifesto commitments.

**RESOLVED** – That the report be noted.

**84 LOCAL GROWTH FUND - PROJECT APPROVALS**

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

Members considered the report which set out a summary of changes to the Local Growth Fund (LGF) Programme in 2016/17, outlined proposals to maximise the use of the LGF Grant, provided an update on the LGF Assurance Framework and sought approvals with regard to specific transport projects.

**RESOLVED** – That:

- i. The reasons for change to the 2016/17 LGF Programme since the last report in November be noted;
- ii. The use of £5m of LGF Grant to temporarily fund other projects within the capital programme, outlined in section 2.7, subject to the approval by the LEP Board, with the displaced funding returned to the LGF Programme in future years, be agreed.
- iii. Agreement be given to the extension of the “1st stage” Grant Funding Agreement for an additional £900k LGF grant (hence totalling £2.5m) for South Shields Transport Hub for further development and enabling works and in accordance with specific funding conditions as set out in paragraphs 2.1 and 2.2 of the report.
- iv. Agreement be given to the adjustment of the total LGF allocation to the “The Arches” project from £5.21m to £7.00m in accordance with the rationale set out in paragraphs 2.3 and 2.4 of the report, subject to subsequent approval by the North East Local Enterprise Partnership Board on 26th January 2017, and proceeding with a “1st stage” Grant Funding Agreement for £650k LGF for development and enabling works.
- v. Agreement be given to proceeding with a “1st-stage” Grant Funding Agreement for the release of LGF for £175k for the North Bank of Tyne project for design and consultancy fees, based on production of a robust outline business case.

- vi. Subject to the support of the North East Local Enterprise Partnership Board to the LGF funding changes to the transport projects referred to in recommendations 3, 4 and 5 above, delegated authority be given to the Head of Paid Service in consultation with the Chief Finance Officer and the Monitoring Officer to take all appropriate steps to implement the changes to the LGF Programme and subsequently the Monitoring Officer be authorised to negotiate and complete the associated funding agreements and all other relevant legal documentation.

## 85 BUDGET 2017/18 AND TRANSPORT LEVIES

Submitted:

(i) A joint report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes); and

(ii) A supplementary report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report, and the supplementary report, which invited them to consider and approve the 2017/18 revenue budget and transport levies for the North East Combined Authority (NECA).

In discussion, in relation to the letter from the North East England Chamber of Commerce, as set out in the supplementary report, Councillor I Malcolm requested to be put on record that South Tyneside Council had not voted against devolution.

The Chair asked Members to note that the proposed budget was a holding, flexible budget that could be amended should this be required in future.

**RESOLVED – That:**

- i. A transport net revenue budget for 2017/18 of £84.74m as set out in section 4 of the report be agreed;
- ii. The following Transport Levies for 2017/18 be agreed:
 

a. Durham County Council	£15,482,424
b. Northumberland County Council	£6,221,740
c. Tyne and Wear Councils (detailed in table 6)	£63,040,000
- iii. A transport revenue grant to Durham County Council for the delivery of transport services of £15,477,424, as outlined in section 4.4, be agreed;
- iv. A transport revenue grant to Northumberland County Council for the delivery of transport services of £6,216,740, as outlined in section 4.5, be agreed;
- v. A transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £60,890,000 as outlined in section 4.6 be agreed;
- vi. The continuation of funding for the regional Transport Team as set out in section 4.9 be agreed;

- vii. The funding arrangement for the Tyne and Wear Urban Transport Management Centre (UTMC) set out in section 4.10 be agreed;
- viii. A budget for the corporate costs of the NECA of up to £362,000, with a continuation of the contribution of £300,000 paid for by an equal contribution of £42,857 from each of the seven councils in NECA, as set out in section 5, be agreed;
- ix. Agreement be given to the continuation of a contribution to fund the North East LEP core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714.29 from each of the councils in the NECA, as part of an estimated budget of £2.9m, as set out in section 6;
- x. The continuation of the budget contribution of £140,000 towards inward investment activity, paid for by an equal contribution of £20,000 from each of the seven councils in NECA, as set out in section 7, contributing to a total budget for this area of activity of £460,000, be agreed;
- xi. A budget of £50,000, funded from interest earned, to provide support for Skills and EDRAB portfolio activity, as set out in section 8 and 9, be agreed;
- xii. The Leadership Board noted that the Treasury Management and Investment Strategy and the statement on Minimum Revenue Provision for borrowed capital expenditure for 2017/18 were set out in the report on the Capital Programme, set out elsewhere on the agenda; and
- xiii. Agreement be given to holding the level of reserves set out in section 10.1. The Leadership Board noted that the Chief Finance Officer considered this level of reserves to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the NECA.

**86 CAPITAL PROGRAMME 2017/18 AND TREASURY MANAGEMENT AND INVESTMENT STRATEGY**

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

Members considered the report which provided an update on the forecast capital outturn position for 2016/17 of £123.5m and sought approval for the initial 2017/18 capital programme of £148.9m. The report also sought approval for the Treasury Management and Investment Policy and Strategy for 2017/18 and the Minimum Revenue Provision Statement for 2017/18.

**RESOLVED – That:**

- i. The latest position in respect of the 2016/17 capital programme, set out in section 2, be noted;

- ii. The proposed approach to maximising LGF capital spending in 2016/17, set out in section 2.5 of the report, which would be subject to approval by the North East Local Enterprise Partnership (NELEP) Board be agreed;
- iii. The proposed initial capital programme for 2017/18, which amounted to £148.9m, as set out in section 3, be approved;
- iv. The Treasury Management Strategy for 2017/18 (including the Borrowing and Investment Strategies) and the Prudential Indicators as set out in Appendix C be approved; and
- v. The Minimum Revenue Provision Statement for 2017/18 as set out in Appendix D be approved.

**87 ECONOMIC DEVELOPMENT AND REGENERATION ADVISORY BOARD - APPOINTMENT OF SECOND VICE CHAIR**

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

Members considered the report which invited them to agree the introduction of a second Vice-Chair for the Economic Development and Regeneration Advisory Board, with such a role specifically held by a business member of the Advisory Board. The report also sought approval for relevant amendments to the Constitution.

**RESOLVED – That:**

- i. The introduction of a second Vice-Chair appointed from the business representative co-optees on the Economic Development and Regeneration Advisory Board be agreed; and
- ii. The amendment of the Constitution as set out in the report at paragraph 1.3 be agreed; and
- iii. The appointment of the second Vice-Chair for the remainder of the current municipal year be delegated to the Economic Development and Regeneration Advisory Board.

**88 DATE AND TIME OF NEXT MEETING**

Tuesday, 21 March 2017 at 2pm at Northumberland County Council.

**89 EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED –** That by virtue of paragraphs 3 and 5 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda item 11 (Confidential Minutes of the Previous Meeting held on 15 November 2016) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

90 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 15 NOVEMBER 2016**

The confidential minutes of the previous meeting held on 15 November 2016 were approved as a correct record and signed by the Chair.

## North East Combined Authority

### Leadership Board (Extraordinary Meeting)

7 March 2017

Meeting held Tyne and Wear Fire and Rescue Service Headquarters, Nissan Way, Sunderland, SR5 3QY

#### Present:

Councillor: P Watson (Chair)

Councillors: C Donovan, S Henig, I Malcolm, J McCarty and B Pickard

#### 91 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillors G Davey, N Forbes and M Gannon, Mayor N Redfearn and Mr A Hodgson.

#### 92 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 93 INVITATION TO OPT INTO THE NATIONAL SCHEME FOR AUDITOR APPOINTMENTS

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

Members considered the report which invited their decision on the option to opt into the national scheme for appointment of external auditors.

**RESOLVED** – That the Leadership Board would formally submit a notice of acceptance to the invitation received from Public Sector Audit Appointment Limited for the North East Combined Authority to opt into the national scheme for auditor appointments.

#### 94 DATE AND TIME OF THE NEXT ORDINARY MEETING

Tuesday, 21 March 2017 at 2pm at Northumberland County Council.

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## North East Combined Authority

### Leadership Board

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**DATE:** 21 March 2017

**SUBJECT:** Appointment of the Monitoring Officer

**REPORT OF:** Head of Paid Service

#### EXECUTIVE SUMMARY

The purpose of this report is to advise the Leadership Board of the steps being taken to identify a suitable candidate for appointment to the North East Combined Authority and designation as Monitoring Officer.

#### RECOMMENDATIONS

It is recommended that the Leadership Board note that a process is underway to secure a Monitoring Officer for the Authority on an interim basis and to note further that an update on progress will be provided on or before the date of the Leadership Board meeting with a recommendation for designation to the role as appropriate.

#### 1 Background Information

- 1.1 NECA has a duty to designate one of its officers to be Monitoring Officer in accordance with section 5 of the Local Government and Housing Act 1989 (the Act). That officer has responsibility for performing the duties set out in section 5 of the Act, specifically the reporting to the Leadership Board of any unlawful decisions or omissions which are or which are proposed to be taken.
- 1.2 A recruitment exercise has been undertaken to identify a suitable candidate to be appointed and designated as NECA's next Monitoring Officer on an interim basis. This exercise is expected to be completed imminently and the outcome reported to the Leadership Board for the formal decision to designate to the role to be taken as appropriate.

#### 2 Proposals

- 2.1 That the Leadership Board note that a process is underway to secure a Monitoring Officer for the Authority on an interim basis and that further information on progress will be provided.

#### 3 Next Steps

- 3.1 Following the identification of a suitable candidate to undertake the role the designation of the Monitoring Officer by the Leadership Board on taking up the post will fulfil the requirements of the Local Government and Housing Act 1989. This will also enable the efficient transfer of responsibilities from the current Monitoring Officer to the new Monitoring Officer.

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### **4 Potential Impact on Objectives**

- 4.1 The designation of a new Monitoring Officer will promote the effective and lawful discharge of the functions and responsibilities undertaken by the NECA.

### **5 Finance and Other Resources**

- 5.1 If the recommended appointment requires additional budget commitment during 2017/18 there will need to be a decision by NECA and the constituent authorities on the best way to resource the additional cost.

### **6 Legal**

- 6.1 The legal implications have been dealt with in the body of the report.

### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

The Leaders and Elected Mayor as well as the Chief Executives of the Constituent Authorities have consulted on the arrangements for the appointment of the Monitoring Officer.

#### **7.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **7.3 Equalities and Diversity**

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

#### **7.4 Risk Management**

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

#### **7.5 Crime and Disorder**

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

#### **7.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **8 Background Documents**

Local Government and Housing Act 1989.

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### **9 Links to the Local Transport Plans**

This report has no direct links to the Local Transport Plans.

### **10 Appendices**

None.

### **11 Contact Officers**

Helen Golightly, Interim Head of Paid Service, [helen.golightly@nelep.co.uk](mailto:helen.golightly@nelep.co.uk)

### **12 Sign off**

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

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## North East Combined Authority

### Leadership Board

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**Date:** 21 March 2017

**Subject:** “Health and Wealth: Closing the Gap in the Northeast” – the report of the NECA/NHS Commission for Health and Social Care Integration

**Report of:** Head of Paid Service

#### Executive Summary

The North East Combined Authority (NECA) and local NHS organisations established the Commission for Health and Social Care Integration in 2016 with all partners recognising the value of an independent Commission able to take a fresh look at the issues associated with health and social care integration and the scope to address these through joint working.

The report of the Commission sets out a vision for transforming the health and wellbeing of North East residents and in so doing helping to improve the performance of its economy and the prosperity of its people.

Duncan Selbie presented the report and recommendations to the Leadership Board in October 2016 and then subsequently wrote to all statutory bodies seeking feedback on the recommendations.

This report provides Leaders and Elected Mayor with details of the feedback received, an overview of collaborative work undertaken to date and aspects of the joint emerging oversight arrangements that will respect and maintain local autonomy.

#### Recommendations

The Leadership Board is asked to

- (i) Note the feedback received and the cross cutting issues raised to the Commission’s recommendations (Paragraphs 2 and 3);
- (ii) Agree that the collaborative work continues with NHS organisations to implement joint oversight arrangements and that these arrangements reflect and recognise local accountability (Paragraph 5 and 6); and
- (iii) Agree to receive regular updates regarding the implementation of the Commission’s Recommendations.

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## **Leadership Board**

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### **1 Background Information**

- 1.1 Members will recall that Duncan Selbie attended the Leadership Board on the 12<sup>th</sup> October to present the report, and engage with Leaders and Elected Mayor in a discussion about the key themes addressed in the report. Some of the key positive messages contained within the report were highlighted at that meeting including:
- How the report sets out a vision for transforming the health and wellbeing of North East residents and in so doing helping to improve the performance of its economy and the prosperity of its people.
  - Stresses the importance of the call for action aimed at local authority leaders, NHS leaders, businesses, voluntary sector organisations and central government. Urging civic, public service and business leaders to work together to mobilise the system around the objective of improving health outcomes and reducing health inequalities across the life cycle, from school readiness through good and fulfilling employment to healthy and independent old age.
  - The report sets out a clear agenda for shifting the priority from response to prevention across the public sector.
- 1.2 For member's information the Commission's Executive Summary is attached, which includes the recommendations.
- 1.3 Subsequent to the meeting all statutory organisations were contacted and asked to submit comments regarding the report and recommendations in relation to three specific questions:
- Does your organisation endorse the report and its recommendations, and does it have comments on specific recommendations?
  - Does your organisation commit to progressing those recommendations that can be taken forward at an individual organisation level e.g. to ensure management training takes account of the NICE guidance on workplace health, to review workplace health arrangements including Better Health at Work Awards?
  - Does your organisation commit to working with partners to implement the Commission recommendations? Is there any particular recommendation(s) that your organisation wishes to highlight in this regard?

### **2 Written Responses to Commission's recommendations**

- 2.1 The organisations below submitted a formal response:

- Durham County Council (Cabinet March 2017)
- Gateshead Council (Cabinet and Health and Wellbeing Board)
- Newcastle City Council (Health Overview and Scrutiny Committee)
- North Tyneside Council (Health and Wellbeing Board)

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- Northumberland County Council (Health and Wellbeing Board)
- South Tyneside Council (Overview and Scrutiny Committee)
- Sunderland City Council (Health and Wellbeing Board)
- NHS England
- County Durham and Darlington NHS Foundation Trust
- North East Ambulance Service NHS Foundation Trust
- South Tyneside NHS Foundation Trust
- NHS Durham, Dales, Easington and Sedgefield Clinical Commissioning Group
- NHS North Durham Clinical Commissioning Group
- Northumberland, Tyne and Wear NHS Foundation Trust
- Northumberland Clinical Commissioning Group
- NHS South Tyneside Clinical Commissioning Group
- NHS Sunderland Clinical Commission Group

- 2.2 A precis of the feedback from some organisations is attached as Appendix 2.
- 2.3 All of the organisations supported the Commission's recommendations in principle however, the majority of submissions also included challenges, opportunities and further work needed to implement the recommendations.
- 2.4 Recurring issues are clustered on the three themes of the recommendations:
- **A Shift to Prevention:** Whilst all of the recommendations within this theme (recommendations 1-4) and the fundamental ethos of a shift to prevention were welcomed, it was recognised that further work needs to be undertaken to support increasing spending on prevention measures at a time of increasing financial pressures. Getting the right balance of different forms of preventative investment will be crucial if further resources are to be released upstream towards longer-term preventative work.

Comments received stated that system-wide pressure should be exerted at all levels in the NHS planning process to ensure that robust mechanisms for releasing funding to prevention be identified and implemented at the earliest stage.

Within this theme, feedback was also received about the lack of information included within the recommendations about the importance of schools and families in ensuring a better start in life, which evidence supports will help improve life chances, choices, and therefore healthy lives.

- **Health, Wellbeing and Productivity** (recommendations 4 – 7): All respondents accepted the recommendations within this theme specifically

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the work to address mental health for the general population in relation to employment, as well as the role of all employers in supporting good workplace mental health. This is to be welcomed as it is clear that access to ‘good’ quality work opportunities is central to people’s overall wellbeing.

It was felt by certain respondents that there is an expectation that Local Authorities and NHS organisations should lead by example in relation to “good quality work” and set standards that other public sector organisations could follow.

More broadly, it was felt that there is a need to ensure that reducing economic and health inequalities are integral to local economic development strategies and their delivery.

- **System Leadership** (recommendations 8 – 10). The majority of respondents supported the assumption that system leadership will be key to taking forward both the recommendations from the NECA Commission and the direction of travel set out in the Sustainability and Transformation Plans (STP). It was also suggested that mechanisms for governance are not clear and that further work should be undertaken to ensure that any future structure reflects and recognises local accountability.

The link to locally established and accountable Health and Wellbeing Boards needs to be made explicit.

- 2.5 In response to Recommendation 10 and the proposed alignment of financial payment systems and incentives, NHS England within their response stated, “As the local lead for both NHS England and the health sector regulator NHS Improvement, I will ensure that senior officers from both my local finance teams are available to support this work as the need arises. I also make the offer to identify national expertise and opinion to support any work in relation to Recommendation 10 that may affect the current mechanisms to help ensure that any unintended consequences are identified and the risks to all parts of the system are fully understood.

### **3 Cross Cutting Issues:**

- 3.1 It is apparent from the responses received that there are cross cutting issues that have an impact on the future delivery of all the recommendations, including:
- Need for a culture shift in all organisations across the health and social care economy within the region to enable and encourage changes in behaviour that have a positive effect on the health and wellbeing of individuals and communities;

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- The scale at which the work needs to be undertaken, some of the recommendations require action by individual local authorities or CCGs; some at local health economy level where it makes sense for two or three local authorities and CCGs to work together; and some at NECA level or beyond where this provides greatest opportunity to improve outcomes;
  - There are financial and capacity implications associated with the delivery of some of the recommendations;
- 3.2 Finally, the role and future involvement of the voluntary/community sector (VCS) and HealthWatch cuts across all of the recommendations. Many of the responses suggested that any future delivery model requires the need to involve these organisations at an early stage, which will allow the VCS to realise its potential in helping to address the challenges health, and social care organisations currently face.

### **4 Alignment: Sustainability and Transformation Plans (STP)**

- 4.1 Some respondents supported the proposal that the findings of the Commission's report are aligned with the developing STP, which should ensure that the strategic focus on improving health and integrating the public sector offer, is supported across the whole system.
- 4.2 The Leadership Board has previously received information regarding the STP and have agreed with the principles outlined. But it has to be acknowledged, that this report is not seeking endorsement of the contents of the STP, merely supporting in principle the requirement for all organisations to work together to address cross cutting issues across the local authority and health economies.

### **5 Joint Chief Officer Meetings: Supporting the Commission**

- 5.1 To support the work of the Commission, members have previously been informed that since May 2016 chief officers from the local authority, Clinical Commissioning Groups and NHS Trusts have met on a regular basis and last met on the 12th January 2017. External facilitators were commissioned to encourage a robust debate and the format was based on the following objectives:
- To strengthen cross partner relationships and have a shared agreement of priorities across the stakeholder groups;
  - To have an agreed understanding of the Commission's recommendations and how this overlaps with and supports the delivery of the STPs to collectively improve health, care and finance for the local populations by 2021;
  - To agree what will be delivered and/or shared by each of the key stakeholders to ensure success;

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- To agree what further interventions are required to optimise performance across the stakeholder groups.
- 5.2 This work has supported the Commission's Recommendation 9, which emphasised the need to establish a regional approach to drive forward implementation of these recommendations with the overall outcome to be committed to working together to sustain, improve and optimise health and social care for the whole population.
- 6 Next Steps**
- 6.1 Taking into consideration the feedback received to the recommendations (identified in Paragraphs 2 and 3) and the progress achieved by the joint Chief Officers Group (identified in Paragraph 4) work is underway to identify an approach that will collaboratively oversee the delivery of the Commission's recommendations along with the STP.
- 6.2 Work is still very much in progress and further clarity will be provided in due course. However these emerging arrangements will respect and maintain local autonomy and enable local oversight and governance of local plans within local authorities/health economies.
- 6.3 It is proposed that these oversight arrangements will:
- join up the delivery of the recommendations and the STP;
  - use existing local groups/arrangements wherever practical;
  - have chief officer oversight and engagement;
  - have clinical input and involvement at all levels; and
  - maintain local autonomy and enable local oversight and governance of local plans within local authorities/health economies.
- 6.4 A steering group with representatives from all the Local Authorities, NHS organisations and Public Health England has recently been established to focus on the practical measures required to support the emerging arrangements. This group is chaired jointly by chief officers from the Local Authority and CCG and will support the joint Chief Officer Group to establish a regional approach to drive forward the Commission's recommendations and the overlapping priorities within the STP.
- 7 Potential Impact on Objectives**
- 7.1 The recommendations in the report can be implemented through existing structures (wherever practical). Health and social care partners could use their existing powers and resources differently to improve health and wellbeing, and do not require new devolved powers to implement the Commission's recommendations.

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### **8 Finance and Other Resources**

- 8.1 There are no direct financial implications for NECA as a result of the recommendations of the report, although there are recommendations about prioritising funding for preventative health care activity for Health and Local Authority partners in the NECA area and for the Government in future. Funding for any future work would need to be separately identified.in paragraph 4.

### **9 Legal**

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

### **10 Other Considerations**

#### **10.1 Consultation/Community Engagement**

- 10.2 Members of the NECA Leadership Board have received formal and informal updates in relation to the work of the joint NECA/NHS Commission.

#### **10.3 Human Rights**

There are no specific human rights implications arising from this report.

#### **10.4 Equalities and Diversity**

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

#### **10.5 Risk Management**

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

#### **10.6 Crime and Disorder**

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

#### **10.7 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

### **11 Background Documents**

- 11.1 Not applicable

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### **12 Links to the Local Transport Plans**

12.1 Not applicable

### **13 Appendix**

13.1 Appendix 1: Health and Wealth - Closing the Gap in the North East Report of the North East Commission for Health and Social Care Integration. Executive Summary

Appendix 2: Summary of some of the responses received from local authorities and health organisations.

### **14 Contact Officers**

14.1 Helen Golightly  
Chief Operating Officer, North East LEP  
Head of Paid Service, North East Combined Authority  
0191 338 7420  
07900 226078  
[helen.golightly@nelep.co.uk](mailto:helen.golightly@nelep.co.uk)

### **15 Sign off**

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

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## **Leadership Board**

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### **Appendix 2**

#### **1. Gateshead Council: Cabinet and Health and Wellbeing Board**

The Council endorses, in principle, the key recommendations made by the Commission and wishes to make the following comments on particular aspects of the report.

- a) As well as the Commission's recommended shift in investment towards prevention, there is the need for a culture shift in professional practice in health and social care so that greater emphasis is placed upon 'making every contact count' i.e. by encouraging changes in behaviour that have a positive effect on the health and wellbeing of individuals and communities.
- b) Further clarification is needed on how the governance arrangements at a NECA level would interface with those for STPs in practice. National NHS guidance published in September confirmed that STPs would be there for the long haul so this is an important consideration.
- c) There is a need to ensure that oversight and decision making relating to our health and care system, as well as work streams established to take forward key transformation areas incorporate a local 'democratic dimension' that local authorities can provide both individually and collectively.
- d) System leadership will be key to taking forward both the recommendations from the NECA Commission and the direction of travel set out in the STP. This goes beyond health and care service delivery to encompass wider system leadership.

#### **2. South Tyneside Council: Overview and Scrutiny Committee**

Whilst we agree with all the recommendations, they cannot be implemented without adequate resources being made available in the short to medium term. Local NHS organisations are faced with unprecedented savings targets against the background of rising demand. They now are reviewing how services are provided which involves difficult resource decisions about how to meet demand whilst making savings, as evidenced through the Northumberland, Tyne & Wear and North Durham STP.

Unequivocal commitment from Central Government, through NHS England, to back our Strategy and the provision of the resources required to follow it through. It will also need a significant commitment from all agencies to work together. Acute providers particularly will need to embrace "whole system" work and resist growing investment in treatment services to enable increased capacity in prevention services. We feel that this requires a significant culture change.

# **North East Combined Authority**

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### **3. Sunderland City Council: Health and Wellbeing Board**

Overall, the HWBB were positive about the report and the direction of travel described within it, however, there was a lack of clarity on both funding and lead responsibility that needs to be resolved with urgency to ensure that the report is rolled out in a meaningful way. The Sunderland HWBB would recommend that system-wide pressure be exerted at all levels in the NHS planning process to ensure that robust mechanisms for releasing funding to prevention be identified and implemented at the earliest stage.

The Board also stated that regional mechanisms for governance are not clear and the link to locally established and accountable HWBBs needs to be made explicit, especially if the explicit aim is to align financial payment systems.

HealthWatch Sunderland expressed concerns that there was an absence of any public or patient voice within the report, despite there being a number of occasions where groups representing patients had tried to engage with the process.

### **4. North Tyneside Council: Health and Wellbeing Board.**

The Board welcomed the report, particularly its findings in relation to addressing mental health and shifting priority and resources to prevention. However, the Board queried who would take ownership of the agenda in the light of:

- a) there being no reference within the report to the role of central government,
- b) NECA deciding not to proceed with the proposed devolution deal and
- c) the Commission's acknowledgement that the Sustainability and Transformation Plan (STP) process alone would not be sufficient to deliver the recommended change.

Whilst it was acknowledged that the report and recommendations of the Commission would be incorporated into the STP process, the Chair urged all partners in the local health economy to give due consideration to the recommendations so that the Commission's sound thinking and vision could be absorbed into their future planning of services

### **5. Northumberland Health and Wellbeing Board**

Overall, members suggested that they could in principle support the recommendations detailed within the report but felt that more detail was needed, including the implications for Northumberland, before the Health and Wellbeing Board could fully support increasing spending on prevention measures at a time of increasing financial pressures faced by the NHS and

# **North East Combined Authority**

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local authorities. A number of issues were raised by board members including:

- a) Members needed to understand fully at a local level what the implications of the recommendations detailed within the report would be for Northumberland.
- b) Any governance structure needed to ensure there was challenge and scrutiny embedded within its arrangements.
- c) With regard to recommendations, 1-3 members believed that further work was needed to fully understand how the service could produce savings and exactly where the money would come from.
- d) The voluntary and community sectors would need to be involved at an early stage of any change to health and social care and a robust community and engagement initiative would also be needed.

### **6. Durham County Council**

A report in relation to Adult Care Transformation and Integration will be going through to DCC's Cabinet in March. This report incorporates a section on the recommendations from the NHS/NECA Health & Social Care Commission for Integration.

### **7. Newcastle City Council**

The Health Overview and Scrutiny Committee examined the HSCI Report at its January 2017 meeting. During discussions, the following points were made:

- Clarification provided on the overlap between all the processes and plans and the challenges that lay ahead in determining how best to integrate and establish the right direction of travel. Recommendations had been set for the various stakeholders e.g. health and care providers; NECA; local authorities; and employees.
- Explanation provided around the commission's thoughts on preventative measures.
- The effects of Brexit had not been considered by the commission; although the importance of employment and jobs and the region being the biggest employer in health and social care had been.
- Reference to other types of care services for the elderly were raised. It was pointed out that this was something for the Sustainability Transformation Plan to pick up.
- A report on employment and skills would be considered by the LEP; although further discussions would be necessary around who and how recommendations would be taken forward. Reference made to the requirement for a massive cultural change.
- Concerns expressed about the lack of engagement by the trade unions and how their role was important.

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- Clarification provided about the development of the Better Health at Work Award.
- Confirmation provided about how the commission had not wanted to be too prescriptive, giving flexibility around decision making on funding spend to be taken at a region level. Preventative spend being based on the Marmot report conclusions, with an aspirational increase of £160M a year by 2020/21.
- Reference made to how it was considered that insulation should have been included in the wider determinants of health-reducing fuel poverty.
- Queries on the age profile and distribution of unemployment in the NECA area, particularly for 16-19 age group. Sample surveys may have been carried out at different times of the year resulting in anomalies appearing for this age group.
- Comments expressed about interesting discussions to be had around influencing the workforce.
- Reference made to the focus being on ‘value for money’ and on the gathering of financial evidence to enable funding to be attracted.
- The Chair suggested that health inequalities or wellbeing implications should be included in Cabinet reports to demonstrate the Council’s commitment.
- Reference to the success made by local authorities around achieving vanguard status.
- Comments made about the work being explored to improve understanding and to raise awareness, particularly around mental health through the Better Health at Work Award.

### **Examples of the responses received from CCG's and NHS Trusts:**

#### **8. NHS England:**

Specifically in relation, Recommendation 10 the response states, “Currently the rules and regulations for payments and incentives between NHS commissioners and providers are often set on a national basis. As the local lead for both NHS England and the health sector regulator NHS Improvement, I will ensure that senior officers from both my local finance teams are available to support this work as the need arises. I also make the offer to identify national expertise and opinion to support any work in relation to Recommendation 10 that may affect the current mechanisms to help ensure that any unintended consequences are identified and the risks to all parts of the system are fully understood. I also commit to sharing any information of similar work being undertaken in other parts of the country so that partners across the NECA area are as informed as possible in their actions.

# **North East Combined Authority**

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**9. Northumberland, Tyne and Wear NHS Foundation Trust:**

“All of us at NTW were delighted to see specific references to mental health and well-being in the report’s recommendations. So often, this is a neglected area of well-being, despite the very high local needs. To include recommendations on mental health for the general population in terms of service provision in relation to employment, as well as the role of all employers in supporting good workplace mental health, is very reassuring. We support the recommendation that the findings of the Commission report are aligned with the developing Sustainability and Transformation Plan governance structures. This should ensure that the strategic focus on improving health and integrating the public sector offer is supported across the whole system”.

**10. County Durham and Darlington NHS Foundation Trust:**

Included within the document includes the following: “We are here to serve the people of our area, they are our priority. It is for this reason that this reports “call to action” is welcome and is one that we must not ignore. Indeed, the challenge, which we must take on and deliver, is to close that healthy life expectancy gap with the rest of the UK over the next decade and add 400,000 additional years of active, healthy life to the people of the region.

**11. North East Ambulance Service NHS Foundation Trust:**

“We would request that the transparency of public health funding in local authorities is enhanced so that it the total level of investment in health overall can be clearly understood across the patch.” NEAS welcomed the alignment with the STP and suggested that there are a number of different agendas, which are not currently included within the recommendations, but may be able to assist in the prevention agenda if partners work together.

**12 Joint Response: City Hospitals Sunderland NHS Foundation Trust (CHS) and South Tyneside NHS Foundation Trust (STFT):**

In respect of recommendation 1, both our Trust’s support the principle of significantly increasing preventative action and resources. This is in line with the principles within both our draft STP and the NHS 5 year forward view. However, there is no detail in the report on the level of proposed increase or how this significant increase in preventative resources will be funded. Significant further work and detail is required before this can be appropriately considered to ensure there is clarity on where this funding would be drawn from and how any potential consequent risk to patient care will be managed if this is to be realised from within existing stretched NHS patient care or Local Authority social care resources.

# **North East Combined Authority**

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**12. NHS Durham, Dales, Easington and Sedgefield Clinical Commissioning Group:**

“The Governing Body discussed the report in detail and felt the report and its recommendations are clear, appropriate and reflect the North East as we recognise it. We do feel that receiving a truly independent report such as this gives direction, weight and impetus to the partners in the North East to commit to work together at scale to improve the health outcomes of our population. We feel the clarity and breadth of the report contents, evidence base and recommendations will enable them to be firmly embedded and adopted across the NECA area and Northern STP as well as influencing strongly the Southern STP agenda too as the findings are equally applicable to this area too.

**13. NHS North Durham Clinical Commissioning Group:**

The Governing Body welcomed the report and felt that the content and recommendations give real impetus to the partners in the North East to make a significant difference to the health outcomes for our population. The report recommendations are very clear and will help us to set out the focus and direction required by all partners to make collective change. We feel the report sits and fits well with the STP arrangements and we welcome the clarity and profile given to early intervention, prevention and the benefits of economic prosperity on the region and its people.

**14. NHS Sunderland Clinical Commission Group:**

“We thought it was difficult to disagree with the direction of the recommendations and that the document was very commendable but recognised the difficulty of delivering this without inward investment and / or specific funding to ensure delivery. We also thought that without any input to reduce worklessness and improve prosperity the recommendations would fall short of the ambition”.

The response further stated that “we were surprised that there wasn’t more about the importance of schools and families in ensuring a better start in life, which evidence support will help improve life chances and choices and therefore healthy lives and we thought that the emphasis on smoking was very helpful but thought more could be done on alcohol misuse and particularly on tightening up licensing arrangements – something I know Local Authorities are looking at”.

# Health and Wealth - Closing the Gap in the North East

Executive Summary of the Report  
of the North East Commission  
for Health and Social Care Integration



## Foreword by Duncan Selbie, Chief Executive of Public Health England and Chair of the Commission

I am delighted to have been given the opportunity to chair the North East Commission for Health and Social Care Integration. The North East is a region of vital strategic importance, with a proud history, strong identity and deep sense of community. In taking on this role I was particularly struck by the way in which civic and business leaders had developed an economic vision for their region that was both outward facing and had human capital development, and therefore people, at its heart.

The starting point for the Commission was that we were concerned with health outcomes much more than with organisational structures. So this is a report about improving health and wellbeing, not about NHS and local authority services. We hear a lot about budget deficits in health and social care, but the deficit we have focussed on is healthy life expectancy.

The title of the report has been carefully chosen. Health and wealth are two sides of the same coin – closing the health and wealth gap in the North East, compared to the UK as a whole, was the Commission's number one priority. Poor health and shorter life expectancy are both consequences and causes of the fact that average Gross Value Added (GVA) per capita in the region is only three quarters of the national average. The Prime Minister has said that inequality in healthy life expectancy is unacceptable and that she wants social and economic reform that will establish an 'economy that works for everyone'. Our report sets out how the North East can lead the way on this.

The North East has strong acute health services and increases in life expectancy along with reductions in smoking have been greater than elsewhere in the UK. But there is no hiding from the fact that health outcomes are poor and that health inequalities within the region are far too great. Closing the healthy life expectancy gap with the rest of the UK over the next decade would add 400,000 additional years of active, healthy life for the people of the region.

That's why our first recommendation is that the entire system needs to shift its priority towards prevention. We see this through two lenses: risk assessment and life cycle. By far the greatest risk is smoking, which is why we support intensifying the focus on programmes to reduce smoking. But the other key focus for prevention should be improving outcomes across the life cycle from school readiness, through good and fulfilling employment to healthy and independent old age.

We propose that North East civic and health leaders should set a target for radically increasing preventive spending across the health and public service system. To kick start this, we have proposed the establishment of a prevention investment fund, that will bring together contributions from all partners that stand to gain from the expected savings, including central government.

What gets done is what gets measured, so this commitment to prevention needs to be backed by accurate and transparent data on spending across the system. To help with this the Chartered Institute of Public Finance and Accountancy (CIPFA) was commissioned by North East leaders in health and social care to undertake the first public sector balance sheet review for any English region. Local partners now have a methodology for identifying spend and they can use this to review the extent to which the ambition to increase preventive expenditure is being met.

Nowhere is the link between health and wealth more important than in relation to work. Good work is both the best route out of poverty and the surest basis for good health. That's why we make a series of recommendations in the report that improve support for keeping people in work, and put in-work progression at the heart of the North East Strategic Economic Plan. These include: training and support for primary care staff to get people back to work quickly; addressing mental health across the system; and encouraging employers to improve workplace wellbeing.

This report is a call to action. The Commission urges leaders in local government, the NHS, the business community and voluntary sector to work together with local people to achieve better health and wellbeing outcomes. This needs to be delivered by every part of the system. Whilst the specific devolution deal under consideration by the North East Combined Authority (NECA) has not been taken forward, all involved have reiterated their commitment to the principle of devolution. Devolution, population based health improvement, and the drive to improve life chances across the North East, are long term imperatives. The Commission report sets out a clear agenda for closing the health and wealth gap. I hope that local and national leaders will study it carefully and then work together to enact its recommendations.

A report like this is the product of thousands of hours of consideration of evidence, policy development, commission debate and sheer hard work. My fellow commission members have generously donated their time and wisdom. Hundreds of people volunteered to come to evidence sessions across the North East to give us their views. Rosemary Granger did a fabulous job as programme director, supported by a great team, with Helen Dickinson valiantly holding the pen on the final report. To all those people, a profound thank you from me. Together, we have produced a report which we hope will make a real difference to the health and wealth of the North East.

The full report is available on [www.northeastca.gov.uk](http://www.northeastca.gov.uk)



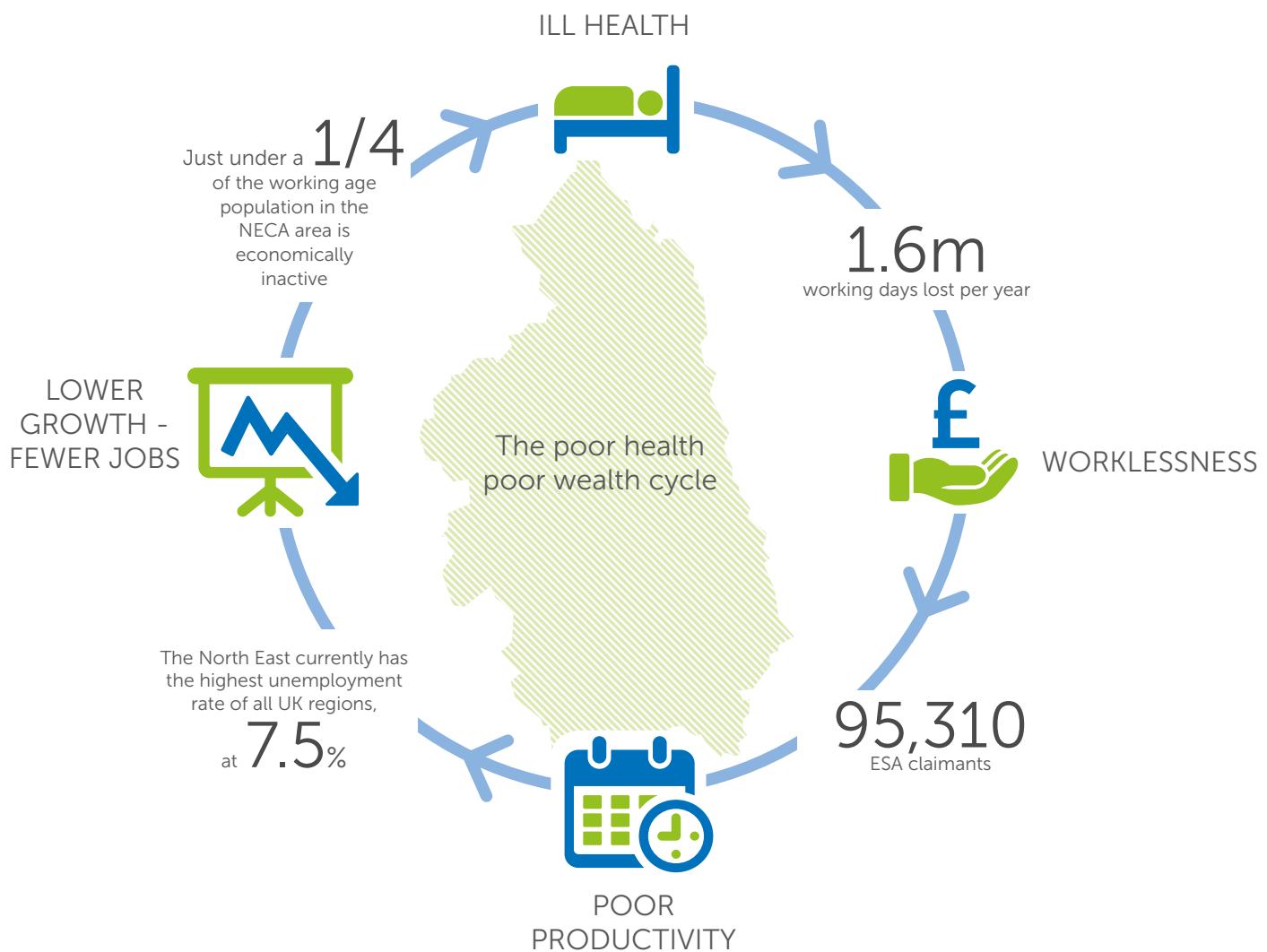
Duncan Selbie

Commission Chair and Chief Executive of Public Health England

# Executive summary

The North East Combined Authority (NECA) area has strong health and care services and has experienced the fastest increase in life expectancy of any region of the UK. But the health and wellbeing gap with the rest of the UK and health inequalities within the region remain stubbornly high, with behavioural factors and deprivation levels impacting on health and wellbeing. Poor population health leads to over-use of intensive health services and pressures on primary and social care, resulting in a system over-focussed on the treatment of ill health at the expense of preventing it. It also reduces productivity and hampers economic growth, entrenching the income inequalities which contribute to poor health. In short, despite several demonstrable successes, the current model is not leading to the improvements in health outcomes needed and is becoming less sustainable going into the future.

The North East Commission for Health and Social Care Integration was established to cut through this vicious circle. The Commission was set up by NECA and local NHS organisations as part of the North East devolution deal, with all organisations recognising the value of an independent group of national experts able to take a fresh look at the issues and the scope to address these through joint working. This report of the Commission sets out a vision for transforming the health and wellbeing of North East residents and in so doing helping to improve the performance of its economy and the prosperity of its people. It is a call to action for leaders across the health and care system in the NECA area. While NECA is no longer planning to take forward a mayoral devolution model at the current time, the report remains as relevant as ever and its recommendations can be implemented through existing structures in parallel with further discussions on devolution.



The NECA area spends £5.2bn on health and care each year. Of this over 60% is spent on tackling the consequences of ill health through hospital and specialist care, over 20 times the 3% devoted to public health. Spend is organised around institutions, not individuals' needs. Hospitals are over-used, with high levels of unplanned and emergency admissions. This reliance on hospital care is neither necessary nor affordable: it reflects an over-focus on treating disease at the expense of preventing it arising in the first place. There is a clear need for a substantial shift in financial and workforce resources to prevention, with people helped to manage long-term conditions better and stay well at home for longer.

**Recommendation 1: NECA partners should set themselves an ambition to radically increase preventive spending across the health and care system and wider determinants of health and wellbeing.**



Freeing up the resources needed to radically increase preventive spending will be challenging but is absolutely vital for the step change in population health to occur. Shifting funding and the workforce away from a focus on treating people in hospital to helping them stay well in the community will require a radical change to configuration and capacity of hospital services. The Sustainability and Transformation Plan (STP)<sup>1</sup> process offers an opportunity to achieve this change. Through the STPs, partners across NECA are redesigning a model of care not suited to addressing underlying health needs. A changed acute care landscape - alongside improvements in primary care, prevention, moving care closer to home and sustaining a robust social care sector - will be a key element of a more integrated, efficient, prevention-focussed health and care system that will improve health and wellbeing outcomes.

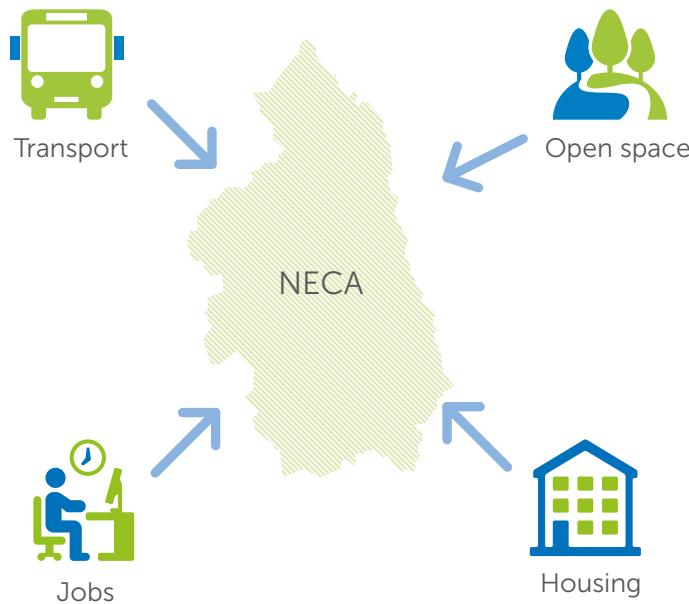
However, the STP process alone will not be sufficient to deliver the change recommended in this report. The Commission's vision of a system focussed on wellbeing will require increased preventive investment across the life course and in areas beyond the health and care system, such as housing quality and early years support. Addressing these wider determinants of health will require public, private and voluntary partners across the NECA area to unite around a shared vision of a society which supports people to make the right choices for their health and wellbeing. Promoting wellbeing must be integral to all public

<sup>1</sup> STPs are part of the NHS planning requirements designed to support delivery of the NHS Five year forward view by 2020/21.

policy decisions, for example considering the health and wellbeing impacts of planning, transport or skills policies. This leads to the Commission's second recommendation.

**Recommendation 2: Public sector partners across the NECA area should integrate preventive action and action to tackle inequalities in all decisions.**

NECA partners must integrate prevention and wellbeing in all activity.



At present preventive spending is spread across health, care and wider public services, with little visibility or transparency in the amount or distribution of overall preventive spend. The region should work with the Chartered Institute of Public Finance and Accountancy (CIPFA) to establish a baseline of current preventive spend and methodology to track increase in spending over time, as well as acting as a pilot area to trial work being carried out by Public Health England and CIPFA to develop tools to assess the effectiveness of public health investment.

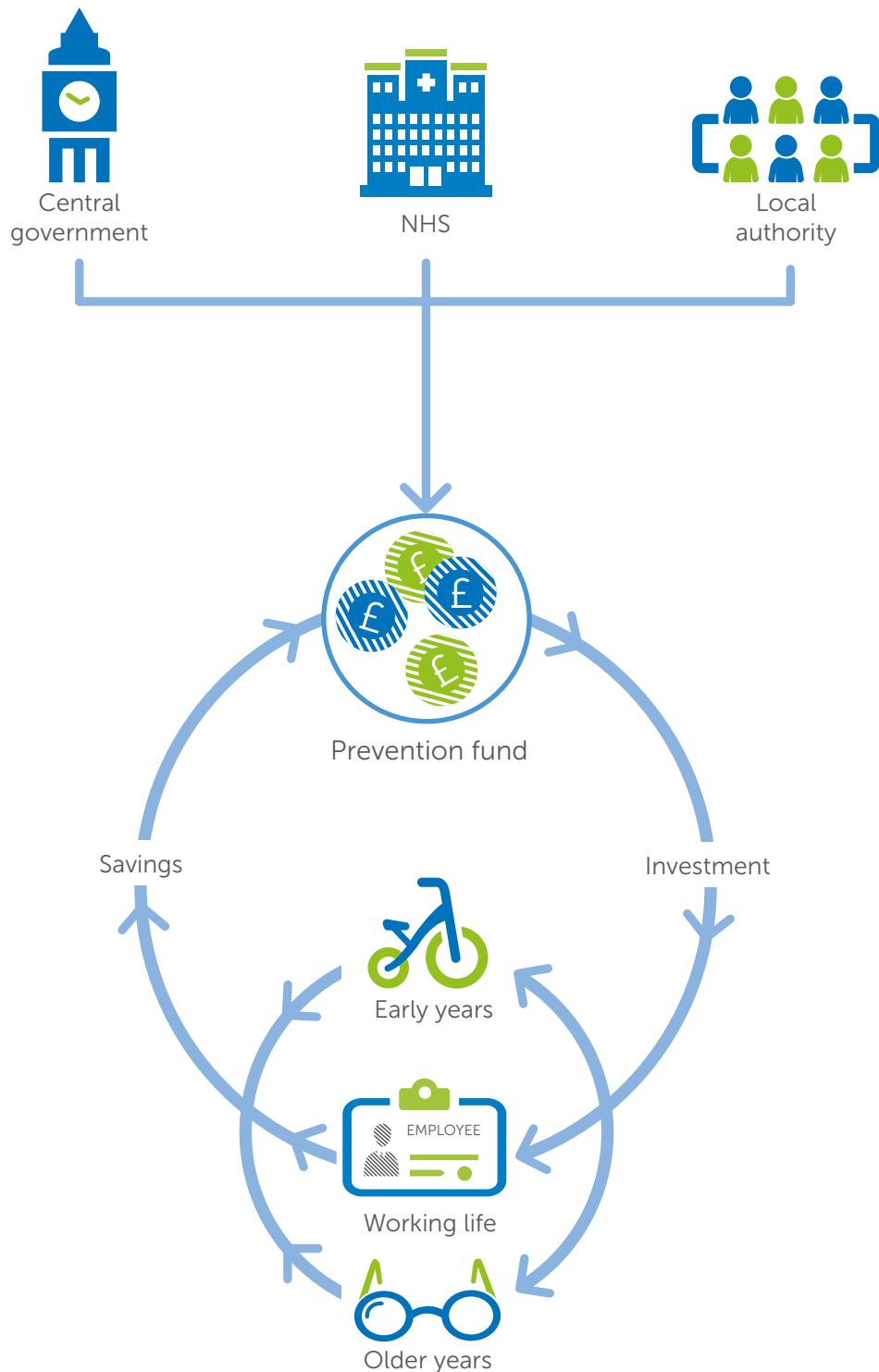
To ensure preventive spend is not diverted to other areas, allocated funds should be ring-fenced to a dedicated preventive investment fund. Partners can be confident that this represents value for money. The National Institute for Health and Care Excellence has concluded that "Most activities aimed at improving the public's health are extremely good value for money – and generally offer more health benefits than the alternatives tested, even though some of the benefits may not be realised in the short term."<sup>2</sup> The fund should be managed on a cross-system basis, investing in interventions likely to have the greatest impact across the health and care system irrespective of the original source of the funding.

Savings from the fund will accrue to a range of partners including commissioners and providers of health and care services and substantial savings to central government can be expected through lower welfare payments and higher growth as more people remain well enough to work.

**Recommendation 3: Increased preventive spend should be assigned to a dedicated preventive investment fund managed on a cross-system basis and bringing together contributions from all partners who stand to benefit from the expected savings, including central government.**

<sup>2</sup> National Institute for Health and Care Excellence, Local Government briefing LGB10, September 2013  
[www.nice.org.uk/guidance/lgb10](http://www.nice.org.uk/guidance/lgb10)

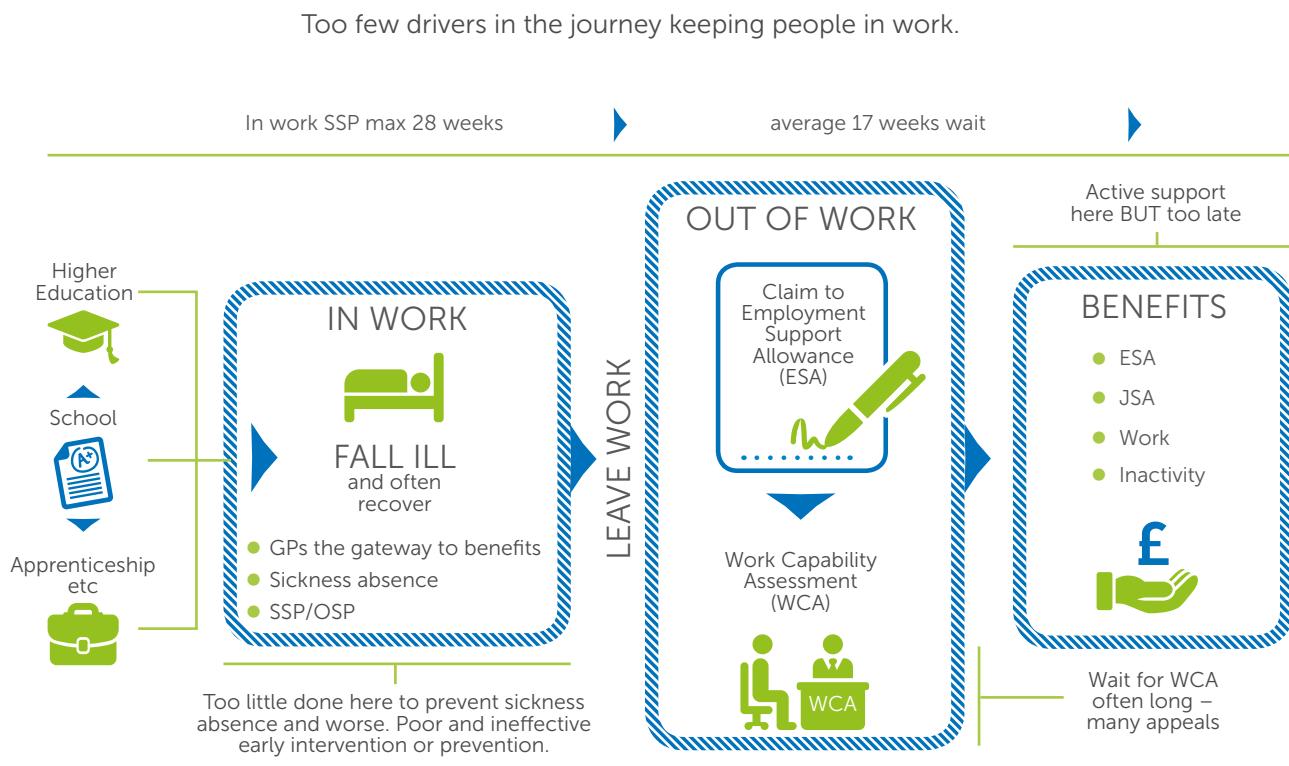
Prevention fund will help people help themselves to stay well



It will be for NECA partners to identify and determine the exact allocation of increased preventive resources to meet the needs of the region. However, the particular challenges faced by the NECA area suggest that increased resource could be divided between early years support, wider determinants of health, sustaining social care while improving integration with health services and lifestyle-based secondary prevention. Smoking prevention should be a key priority. The Fresh North East programme commissioned by all the NECA local authorities has already contributed to the fastest decline in smoking in any region in England over the past decade but smoking continues to be the primary cause of preventable illness and premature death.

A radical increase in preventive investment should have a significant impact on narrowing the health gap between the NECA area and the country as a whole and mitigating the increase in demands on health and care services in the medium to long-run. However, without good jobs and meaningful activity such as volunteering, preventive spend will not be enough to overcome the NECA area's wellbeing challenges. Meaningful work or other activity is one of the most important determinants of health but the North East currently has the highest unemployment rate of all UK regions. This acts as a significant barrier to economic growth through wasted labour force capacity. It is also a significant public health issue, due to the negative health impacts of unemployment. The Commission believes greater action to help people stay in work and return to work after sickness is essential. This work should complement NECA's existing work on Employment, Skills and Inclusion, with its focus on supporting those hardest to help and furthest from the labour market.

**Recommendation 4: NECA partners should develop a programme of primary care training to support primary care staff in helping people access the best support to enable them to get back to work as quickly as possible.**



Mental health is a particularly significant barrier to work in the NECA area, with over half of those claiming Employment and Support Allowance doing so due to a mental health condition.

**Recommendation 5: The Commission recommends addressing mental health at three levels:**

- i. improve the leadership and skills of managers at all levels within NHS and local authority organisations to create a supportive environment that enables employees to be proactive in protecting their own wellbeing;
- ii. commissioners of IAPT services should work with their service providers to ensure employment support is included as part of the Improving Access to Psychological Therapies (IAPT) offer on a sustainable basis, to support those individuals who require this service to avoid sickness absence or to return to work as quickly as possible;
- iii. NHS commissioners and providers should work with the NECA Employment, Skills and Inclusion workstreams to develop an integrated employment and health service.

Alongside the health and care system, employers have a key role to play in maintaining and improving the health and wellbeing of their workforce and supporting those with health conditions to remain in the workforce.

**Recommendation 6: The Better Health at Work Award (BHAWA) scheme should be the preferred approach for employers to adopt to improve workplace wellbeing. NECA partners should set a target for the proportion of the workforce working for employers involved in the award scheme, and monitor progress towards this target.**

Increasing employment and ensuring employment opportunities are high quality and offer the opportunity to progress is vital to health and wellbeing. NECA's Strategic Economic Plan sets a high level objective of achieving more and better jobs for the region.

**Recommendation 7: The refreshed Strategic Economic Plan and NECA's employment and skills programme should continue to address the importance of in-work progression and job quality.**

Achieving the Commission's vision of a radical shift in funding to prevention will require strong and visionary leadership from across the health and care system and the courage to make difficult decisions in order to protect the prize of long-term health improvement that this funding will enable. Ensuring prevention investment is focussed in areas where it will have greatest impact will require leaders to take on shared responsibility for outcomes, putting aside organisational boundaries and interests to lead a cultural change to the health and care system.

**Recommendation 8: Leaders within organisations will need to look beyond the interests of their own organisations to drive improvement in wellbeing outcomes across NECA, leading a cultural change to a health and care system in which each health and care £ is used most effectively to support wellbeing, independent of the source of the funding.**

Partners across NECA have already demonstrated the benefits of such a collaborative approach through the highly successful Fresh North East smoking cessation programme, which has contributed to the fastest decline in smoking of any region in England over the past decade. The region's ambitious and challenging target of reducing smoking prevalence to 5% by 2025 provides a further opportunity to bring partners together for a system-wide approach to meeting a shared goal.

**Recommendation 9: Governance should be established at NECA level to drive forward implementation of these recommendations, bringing together local authorities, Clinical Commissioning Groups (CCGs), NHS Foundation Trusts (FTs) and the voluntary sector to progress the health and wellbeing agenda through shared accountability and a focus on implementation and delivery.**

It is essential that this new system integrates with the current STP governance arrangements. The arrangements should enable agreement and oversight of a core set of North East outcomes, including the target proposed above for preventive spend, and oversight and allocation of the preventive investment fund. They should not require a 'one size fits all' approach across the NECA area; on some issues a NECA-wide approach will be most effective, while on others it will be appropriate for local health and care partners to have the flexibility to determine how best to meet the agreed outcomes.

As well as funding, the region's assets will also need to be aligned with this new approach. There must be a commitment to develop a shared approach to use of the region's key assets, including the workforce, the estate and information assets; and community and voluntary sector assets.

To enable the transition to a more integrated system in which resource is focussed where it can have greatest impact, the Commission has one final recommendation.

**Recommendation 10: The NECA area should align financial payment systems and incentives with the overall objectives of the health and care system to improve health and wellbeing and reduce health inequalities.**

The action called for needs to be delivered by every part of the system. This report sets out a clear agenda for shifting the priority from response to prevention across the health and social care system and wider determinants of health. It calls for a much greater focus on supporting people with health conditions to secure and remain in employment, contributing to their own and the region's prosperity and hence to the wellbeing of future generations. And it challenges leaders to be bold, working in new ways to break down organisational barriers and work for the wellbeing of the people of the NECA area. As such, a commitment needs to be given by all parts of the system to design the mechanisms that will deliver the new model and improvements in outcomes rather than being constrained by the levers and processes that are currently in place.

The prize is great: closing the gap in healthy life expectancy with the nation as a whole over the next decade would lead to 400,000 additional years of active healthy life for the people of the NECA area. The Commission hopes that local and national leaders will study this report carefully and work together to enact its recommendations.

# Health and Social Care Integration Commission members



**Duncan Selbie**

Commission Chair and Chief Executive of Public Health England



**Dr Amit Bhargava**

Chief Clinical Officer for NHS Crawley Clinical Commissioning Group and Executive Board member of NHS Alliance



**Professor Dame Carol Black**

Expert advisor on health and work to the Department of Health and Principal, Newnham College Cambridge



**Rob Whiteman**

Chief Executive of the Chartered Institute of Public Finance and Accountancy



**Tom Wright**

Chief Executive of Age UK and chair of the Richmond Group of leading health charities

## Ex-officio members

### **Steven Mason**

Chief Executive of Northumberland County Council and NECA lead on the Commission

### **Nicola Bailey**

Director for NHS North Durham Clinical Commissioning Group and NHS Durham Dales, Easington and Sedgefield Clinical Commissioning Group and CCG lead for the Commission

### **Tim Rideout**

Director of Commissioning Operations – Cumbria and the North East – NHS England  
Director of Improvement and Delivery – Cumbria and the North East – NHS Improvement

### **William Vineall**

Director of Acute Quality and Care Policy at the Department of Health

This report can be made available in alternative formats and languages on request.

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## North East Combined Authority

### Leadership Board

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**Date:** 21 March 2017

**Subject:** Economic Development and Regeneration Theme 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 receive this report for information.

# **North East Combined Authority**

## **Leadership Board**

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

### **2.0 Inward Investment**

#### **2.1 Inward Investment 2016/17 (Quarters 1, 2 and 3) Successes**

In the first three quarters of this financial year (April-December 2016), in total there were 64 inward investments into the NECA area which will lead to the creation of 5,530 jobs. This contrasts with the full four-quarter year in 2015/16 of 107 inward investments leading to 3,368 jobs. The North East has seen a number of very large job-creating investments this year in comparison to more, smaller investments last year.

This year's successes to date are made up of:

##### **a) Foreign Direct Investment**

There were 44 investments leading to the creation of 3611 new jobs, and many thousands safeguarded (these safeguarded being mainly from Nissan as a result of the Qashqai and X-Trail announcement). Investors included:

- Teleperformance (Call centre outsourcer)
- Accenture (Software ICT)
- Janus international (Manufacturing)
- Unipress (Automotive)
- Sitel (Outsourcing)
- Convergys (Outsourcing)
- Nissan (Automotive)
- Faurecia (Automotive)
- Smulders Projects (Energy)
- Accord Healthcare (Life Sciences)
- JDR Cables (Energy)

##### **b) Investments by UK-owned Companies from Outside of the Region**

There were 20 investments leading to the creation of 1,919 jobs. Companies announcing investments included:

- ResQ (Contact Centre)
- Estover Energy (Energy)

# North East Combined Authority

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- Fermeda (Life Sciences)
- Amicus ITS (IT Support)
- Lhasa (Digital)
- Vardags (FPBS)

### Q1-3 2016/17 Successes by sector

Sector	FDI	UK Owned from Outside Region	Totals	Total Jobs created (three years)
Digital Creative	1	3	4	217
Software/ICT	4	2	6	616
Financial & Professional Business Services (FPBS)	8	10	18	2947
Energy	4	1	5	530
Life Sciences	2	1	3	121
Automotive	6	0	6	784
Other Advanced Manufacturing	19	3	22	315
<b>Total</b>	<b>44</b>	<b>20</b>	<b>64</b>	<b>5530</b>

### 2.2 Enquiries

Enquiry levels have been encouraging towards the end of the year with enquiries coming through to the INEE team both through the new website and by an increasing number of DIT leads. This comes on the back of a very quiet period spanning a number of months, due in part to the effect of Brexit. Recent figures provided by DIT show that this pattern of new enquiries dipping dramatically last year matched the national picture.

Current enquiries on the INEE pipeline include both UK and foreign owned enquiries in a number of sectors from life sciences, software, contact centres, automotive and other advanced manufacturing. Recent visits to the region hosted by INEE have included companies engaged in digital media, life sciences, agritech and financial and professional business services.

### 2.3 Invest North East England Website/proactive work

One way in which the INEE team is planning to increase the size and quality of its investment enquiry pipeline is by becoming a proactive service, actively generating new investment enquiries. A key element of this new approach is the launch of the new INEE website, which launched at the end of October 2016. To complement the website launch, an associated social

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media campaign is taking place, aimed at generating enquiries from key sectors.

The web site has been recently enhanced with an improved property search function and a new regional ‘Soft Landing’ package will be launched shortly.

To back up the website, a number of promotional brochures are being produced to provide hard copies (also available electronically) for investors/events etc.

The INEE team has recently appointed OCO as a lead generation contractor. The contract commenced on 27 February 2017 for an initial period of six months with a possible extension of a further year. The contractor will provide in-market representation for Invest North East England in London and the South East. The focus of the contract is twofold:

- Actively generate new leads for the NE, with a particular focus on software/digital, and financial, professional and business services.
- Work with key London-based intermediaries (e.g. property agents, solicitors, accountants etc.) to ensure they understand the NE offer to companies so they will consider the area for current and future client requirements.

### **3.0    Regional Investment Plan / Project Pipeline**

The Economic Development and Regeneration theme has the lead responsibility for coordinating efforts to enhance the region’s important economic assets and to develop new ones that will promote growth.

A pipeline of both employment sites and housing sites was developed to underpin this approach. This pipeline informed the North East Local Enterprise Partnerships (NELEP) submission to round 3 of the Local Growth Fund.

The Chancellor’s Autumn Statement announced that Local Enterprise Partnerships in the North of England would be allocated £556 million.

Following this, in January 2017 £49.7m Local Growth Fund was awarded to the North East Local Enterprise Partnership. The majority of this funding is to be allocated to the International Advanced Manufacturing Park (IAMP) scheme in Sunderland/South Tyneside, which will secure 5,200 jobs for the North East economy by 2025.

The LEP Board will allocate the remaining resource.

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### 4.0 Industrial Strategy

#### 4.1 Introduction

4.2 The Department for Business, Energy and Industrial Strategy published 'Building our Industrial Strategy' on 23rd January 2017. This Green Paper sets out the Government's plans and strategy for supporting Britain's industrial sectors, improving productivity, driving growth across the country and making British business more competitive.

4.3 The consultation period for the paper will close on 17th April 2017 at 11.45am.

#### 4.4 Purpose and aim of the strategy

4.5 The purpose of the industrial strategy is to address long-term challenges to the UK economy. The Government's aim is 'to improve living standards and economic growth by increasing productivity and driving growth across the whole country'.

4.6 The Green Paper aims to start an open and collaborative conversation about the skills, research and infrastructure required to drive long term growth in productivity.

4.7 The full paper can be found at the following link:  
[https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting\\_documents/buildingourindustrialstrategygreenpaper.pdf](https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf)

#### 4.8 The 10 pillars

4.9 The strategy is made up of ten pillars which draw together in one place a range of new and existing policy and related funding, as follows:

1. *Investing in science, research and innovation* – to become a more innovative economy and do more to commercialise the world leading science base to drive growth across the UK.
2. *Developing skills* – to help people and businesses thrive by; ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

# North East Combined Authority

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3. *Upgrading Infrastructure* – by upgrading standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.
  4. *Supporting businesses to start and grow* – to ensure that businesses across the UK can access the finance and management skills they need to grow; and creating the right conditions for companies to invest for the long term.
  5. *Improving procurement* – by using strategic government procurement to drive innovation and enable the development of UK supply chains.
  6. *Encouraging trade and inward investment* – by using government policy to help boost productivity and growth across the economy, including by increasing competition and helping to bring new ways of doing things to the UK.
  7. *Delivering affordable energy and clean growth* – by keeping costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.
  8. *Cultivating world-leading sectors* – by building on areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.
  9. *Driving growth across the whole country* – by creating a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.
  10. *Creating the right institutions to bring together sectors and places* – by considering the best structures to support people, industries and places. In some places and sectors there may be missing institutions which could be created, or existing ones that could be strengthened, be they local civic or educational institutions, trade associations or financial networks.
- 4.10 A more detailed summary of the 10 pillars can be found in Appendix A.

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4.11 A North East Combined Authority / North East Local Enterprise Partnership response to the consultation is to be prepared.

### **5.0 NECA Overview and Scrutiny Committee**

5.1 The Chair of EDRAB provided an update on the economic development and regeneration activity to the NECA Overview and Scrutiny Committee on the 14th February. The key discussion points were:

- The refresh of the North East Local Enterprise Partnership's Strategic Economic Plan.
- The number and types of jobs forecasted to be created by the new investment projects that have been attracted to the area.
- The lack of the availability of financial assistance to attract potential inward investors to the North East.
- An overview of Invest North East England approach to exhibiting at the MIPIM Property Event in London held in October.

### **6.0 Department for International Trade : Export Support Services**

6.1 The Chair of EDRAB has requested a further meeting with the Deputy Regional Director of the Department for International Trade to discuss the attendance and future promotion of export Trade Missions.

### **7.0 Potential Impact on Objectives**

7.1 The information provided and any views put forward by the Economic Development and Regeneration Advisory Board will help develop a response to the green paper aimed at supporting the NECA in meeting its objectives and the objectives set out in the refreshed Strategic Economic Plan, which is shortly to be published by the North East LEP.

### **8.0 Finance and Other Resources**

8.1 While there are no direct resource implications arising directly from this report, there are significant funding issues that need to be taken into account and addressed by the Government. Only some of these are reflected in proposals in the Green Paper or issues for consideration.

8.2 A response to the Green paper should highlight the significant funding issues, which will include:

- i. The future of regional economic and skills funding, currently supported with European funding, which is an issue that is identified in the Green Paper for consideration and is particularly important for the North East;

# **North East Combined Authority**

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- ii. The immediate shortage of infrastructure and Local Growth grant support to enable many projects and programmes to proceed. Only £1.8bn of the £6bn bids for Local Growth Fund round 3 were funded nationally. Last year the NECA area identified a long list of over 70 projects and programmes with funding requirements of over £650m to be considered as potential bids for Local Growth Funding. This was reduced to a bid of £166m for 11 very high priority projects and programmes. The £49.7m of LGF grant recently allocated to the NECA area will only fund 1 large project and 1 merged small programme of activity, leaving many projects in the region still in need of funding. The need for additional Local Growth Funding needs to be considered;
- iii. The impact of cuts to grant funding programmes to help retain companies looking to expand and attract new inward investment, which reduces the competitiveness of England and the North East in comparison with other countries that can offer grant support for companies looking at different areas to locate their business; and
- iv. The current shortage of ‘revenue’ funding for economic development and skills, due to the focus on ‘capital’ funding by Government and the impact of Government cuts in revenue funding for local authorities, which has significantly reduced the level of spending on this discretionary area of spending. The latest figures for spending on Economic Development; Research and Business Support by the local authorities in the NECA area show a 38% reduction in spending from £78m in 2009/10 to £48m in 2015/16. This compares with a national average cut of 37% and an increase of 24% in spending in the South East region, which has seen the smallest change in its spending power in that time.

## **9.0 Legal**

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

## **10.1 Other Considerations**

### **10.1 Consultation/Community Engagement**

There are no issues arising from this report for consultation.

### **10.2 Human Rights**

There are no specific human rights implications arising from this report.

# **North East Combined Authority**

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### **10.3 Equalities and Diversity**

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

### **10.4 Risk Management**

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

### **10.5 Crime and Disorder**

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

### **10.6 Environment and Sustainability**

There are no specific environment and sustainability implications arising from this report.

## **11.0 Background Documents**

11.1 North East Strategic Economic Plan – More and Better Jobs

11.2 '*Building our Industrial Strategy Green Paper*' Department for Business, Energy and Industrial Strategy, January 2017.

## **12.0 Links to plans in the Policy Framework**

12.1 This report links to the Strategic Economic Plan and other plans in the Policy Framework.

## **13.0 Contact Officers**

13.1 John Scott, Corporate Lead – Business, Employment and Skills.

Email: [john.scott@southtyneside.gov.uk](mailto:john.scott@southtyneside.gov.uk) Tel: (0191) 424 6250

## **14.0 Sign off**

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

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## Building our Industrial Strategy

### Summary of the 10 Pillars

#### 1. Investing in science, research & innovation

The Green Paper sets out the Government's intention to:

- Substantially increase investment in R&D and ensure that UK research continues to be world class.
- Strengthen strategic capability through the creation of UK Research and Innovation (UKRI).
- Increasing the effectiveness of research investment.

Key new commitments:

- Start the consultation on the priority challenges for the Industrial Strategy Challenge Fund, and other opportunities that can be addressed using the increase in R&D funding.
- Review the case for a new research institution to act as a focal point for work on battery technology, energy storage and grid technology.
- Commission independent research on approaches to commercialisation in different institutions, including how they approach licensing intellectual property and taking equity in spin-outs.
- Harness the potential of the UK's home-grown inventors and stimulate user led innovation by launching a challenge prize programme. This prize, which will be piloted through the NESTA Challenge Prize Centre, will help inform support to the 'everyday entrepreneurs' operating in companies and at home – such as through supporting enabling environments, incubators and maker spaces.
- Review how to maximise the incentives created by the Intellectual Property system to stimulate collaborative innovation and licensing opportunities – including considering the opening up of registries to facilitate licensing deals and business-to-business model agreements to support collaboration. Intellectual Property Office representatives will be placed in key UK cities - starting with pilots in the Northern Powerhouse and Midlands Engine to build local capability to commercialise intellectual property.
- Set out a UK Measurement Strategy, establishing a framework to capitalise on the National Measurement System which provides UK industry with world-leading measurement science and technology. The new strategy will ensure there is the knowledge and facilities to support all sectors to benefit from measurement – helping them to trade, manufacture and export.

## 2. Developing skills

The Green Paper sets out the Government's intention on:

- Action to improve basic skills.
- The creation of a new system of technical education.
- Identifying and addressing sector-specific skills gaps.
- Higher quality careers information and advice.
- Testing new approaches to lifelong learning.

Key new commitments:

- Create a proper system of technical education, to benefit the half of young people who do not go to university and provide new, better options for those already in the workforce.
- Commit £170 million of capital funding to the creation of new Institutes of Technology to deliver higher technical education in STEM subjects and meet the skills needs of employers in local areas.
- Work towards a joined-up, authoritative view of the sector-specific skills gaps that the UK faces now and in the future.
- Publish a comprehensive careers strategy later this year.
- Take further actions to address differences in skill levels between different areas to help drive economic growth and opportunity throughout the country.

## 3. Upgrading infrastructure

The industrial strategy sets out the Government's intention to:

- Provide higher rates of public investment.
- Support private sector infrastructure investment.
- Make infrastructure costs more competitive.
- Align the planning of infrastructure more effectively with local growth priorities.

Key new commitments:

- Using infrastructure to support rebalancing, taking into account the balance of spending per head between different regions.
- Support other major infrastructure investments, including £1.1 billion of funding for local roads and transport.

## 4. Supporting businesses to start and grow

The industrial strategy sets out the Government's intention on:

- Access to capital for growing firms, and barriers to scaling up.
- Accessing the finance to grow.
- Backing institutions which can catalyse private sector equity investment.
- Improving support for scale-ups and entrepreneurs.
- Sharing excellence through peer-to-peer networks.
- Corporate performance and investment.

Key new commitments:

- Work with the British Business Bank to build understanding of the obstacles to firms accessing capital outside London and the South East, and the supply and demand-side causes of lower rates of equity deals.
- The Minister for Small Business will take on a new role of Scale-Up Champion, overseeing a task force to support high growth scale-up businesses across the UK and to build peer-to-peer business networks to improve productivity, working with Local Enterprise Partnerships, Growth Hubs, the ScaleUp Institute and other partners.
- Explore how data – such as that held by HMRC and Companies House – can be used to identify scale-up businesses and be made available to enable local public and private sector organisations to better identify, target and evaluate their support to scale-up businesses more effectively.
- Continue to build on the success of the British Business Bank, and work with the Business Growth Fund (BGF) and other private partners to raise awareness of equity funding, diversify funding streams and increase the supply of finance for growing businesses.
- Explore how we can support the development of B2B ratings and feedback platforms to make it easier for SMEs to determine the quality of business advice and support services provided to them by other firms.
- A review into entrepreneurship will be led by the Chief Entrepreneurial Adviser at the Department for Business, Energy and Industrial Strategy. The review will assess the support currently available to entrepreneurs and consider international best practice with the aim of identifying any potential gaps in current policy.

## 5. Improving procurement

The industrial strategy sets out the Government's intention to:

- Stimulate innovation through government procurement.
- Support economic growth through better procurement practices through a "balanced scorecard" approach.
- Focus on procurement in key industries like health and defence where Government's role as customer provides unique opportunities to achieve wider benefits through procurement.

- Transform digital procurement.

Key new commitments:

- Roll out the “balanced scorecard” approach recently developed by the Cabinet Office across all major central government construction, infrastructure and capital investment procurement projects over £10 million, including those in the National Infrastructure and Construction Pipeline, which was published in December 2016.
- Trial different aspects of designing and gathering supplier feedback in public sector procurement.

## **6. Encouraging trade and inward investment**

The industrial strategy lists how the Government will:

- Build future trading relationships.
- Build global prosperity.
- Improve market access for exporters.
- Create a new, more active approach to winning overseas contracts.
- Join up trade and inward investment promotion with local areas.
- Develop a new, more strategic approach to inward investment.

Key new commitments:

- Creating a new more active “Team UK” approach to winning overseas contracts, with the Government helping convene consortia of companies to back a single UK bid for major overseas projects.
- Developing a new, more strategic approach to inward investment. The Department for International Trade will review what can be learnt from successful inward investment promotion agencies across the globe and it will report in 2017.
- Exploring how we can maximise the opportunities that a UK presence at existing international trade fairs offers for businesses; and explore where there are sectors which could benefit from support to create trade fairs.

## **7. Delivering affordable energy and clean growth**

The strategy sets out the Government's approach on:

- Affordable energy.
- Changes to energy infrastructure.
- Harnessing the industrial opportunities from new energy technologies.

Key new commitments:

- The Government will set out in 2017 a long-term road map to minimise business energy costs.
- To inform this, the Government will commission a review of the opportunities to reduce the cost of achieving our decarbonisation goals in the power and industrial sectors. The review will cover how best to support greater energy efficiency, the scope to use existing instruments to support further reductions in the cost of offshore wind once current commitments have been delivered, and how the Government can best work with Ofgem to ensure markets and networks operate as efficiently as possible in a low carbon system. We will also review the opportunities for growth from the energy sector and the opportunities for the UK.
- The Government will publish an Emissions Reduction Plan during 2017, providing long-term certainty for investors.
- As set out above the Government will review the case for a new research institution to act as a focal point for work on battery technology, energy storage and grid technology, reporting in early 2017.

## 8. Cultivating world-leading sectors

The strategy sets out the Government's approach on:

- Challenging all sectors of the economy to upgrade through 'Sector Deals'.
- Supporting emerging sectors and innovative businesses.
- Building on existing sector relationships.

Key new commitments:

- The Government welcomes work on early sector deals:
  - Sir John Bell on life sciences;
  - Richard Parry-Jones on ultra low emission vehicles;
  - Juergen Maier on industrial digitalisation;
  - Lord Hutton on the nuclear industry; and
  - Sir Peter Bazalgette on creative industries.
- This is not an exclusive list. The Sector deals process will be open to all and the Government is prepared to work with any sector that can organise behind strong leadership to address shared challenges and opportunities.

## 9. Driving growth across the whole country

The Green Paper sets out the Government's intention to:

- Back local connectivity with strategic infrastructure investment.
- Raise skill levels nationwide, but particularly in areas where they are lower.
- Invest in local science and innovation strengths.
- Get the institutional framework right to support local industries.

### Key new commitments:

- Use additional infrastructure funding to unlock growth in areas where connectivity is holding it back by creating new funding which allow better co-ordination of local economic plans with infrastructure investment.
- Work with local areas to test approaches to closing the skills gap; from early years education and the retention and attraction of graduates, to measures to drive the take up of apprenticeships.
- Propose creating competitive new funding streams to back the clusters of innovative businesses across the country.
- Work with local areas to identify and help develop industrial and economic clusters of businesses, and local specialisms, putting in place the right institutions with the right powers to help support local areas of economic strength.
- Propose establishing Ministerial Forums on Industrial Strategy with each of the Devolved Administrations.
- Consider the future of the European Structural and Investment Funds alongside the wider future funding environment following the UK's exit from the European Union.

## **10. Creating the right institutions to bring together sectors and places**

The industrial strategy lists how the Government will:

- Work with local areas to identify and help develop local specialisms, putting in place the right institutions with the right powers to help support local areas of economic strength.
- Create new institutions or strengthen existing ones: be they educational institutions, trade associations or financial networks.
- Encourage in particular sector deals with a strong focus on local institutions.

### Key new commitments:

- The Department for International Trade will review how it identifies priority investments, including with reference to the impact they can make in local areas where productivity needs to catch up.
- Review the location of government agencies and arms-length bodies, and will consider relocating them where they could potentially help reinforce a local cluster and support private sector growth. This will include cultural institutions.
- Support networks of universities where they want to come together to improve commercialisation.

- Work with local government to review how to bring more business expertise into local governance, and improve links between councils and the private sector. An example might be the creation of a modern “Alderman” type of role within local government.
- Explore further devolution deals for our largest cities.
- Following the elections for the first combined authority mayors in May 2017, the Local Government Association will work with new Mayoral Combined Authorities to build up administrative capacity.
- Work with Local Enterprise Partnerships to review their role in delivering local growth and examine how we can spread best practice and strengthen them, including extending the support they can receive from the What Works centre for Local Economic Growth.

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## North East Combined Authority

### Leadership Board

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**Date:** 21 March 2017

**Subject:** EMPLOYABILITY AND INCLUSION UPDATE

**Report of:** Thematic Lead for Employability and Inclusion

#### Executive Summary

This report provides an update as to the latest 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 recommended to note the contents of the report.

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### 1. National Policy Update

#### *Improving Lives: Work, Health and Disability Green Paper*

- 1.1 In October 2016, DWP and Department of Health published the *Improving Lives: Work, Health and Disability Green Paper* to consult on ways to improve labour market participation of people with disabilities and long-term health conditions and to halve the disability employment gap by 50% by 2020.
- 1.2 The consultation was highly pertinent to NECA as a high proportion of working-age residents claim health related out-of-work benefits. The consultation also fits with the direction of NECA employment programmes to better integrate health and employment support, and with the recommendations of the NE Commission for Health and Social Care Integration. Consultation events held by the DWP/DH Work and Health Unit were attended by officers in the EIS group, including a local consultation at Durham County Hall in early February.
- 1.3 The NECA response collated comment from LA employment and skills and public health officers. The response:
  - presents evidence of the scale of the work and health challenge in the north east and the large number of health related benefit claimants
  - highlights good practice happening locally
  - makes recommendations for more effective integration of work and health provision, including an improvement in assessment and referral mechanisms
  - recommends improvements to mental health support
  - proposes commission findings relating to improved support for keeping people in work and for in-work progression
  - proposes reform of the fit for work service and fit note system
  - notes the need for early intervention in sickness absence and greater occupational health support for employers, particularly SMEs, to recruit and support employees with disabilities and long-term health conditions
  - recommends a greater degree of local influence over national programmes and increased local commissioning.
- 1.4 The consultation closed on 17 February and Government has not confirmed when it will respond or timescale for a White Paper.

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### *Industrial Strategy Green Paper*

- 1.5 The Government published the Industrial Strategy Green Paper on 22 January 2017. It is founded on 10 pillars which evidence shows are key to driving growth. Places with higher rates of investment in research and development, more highly skilled people, better infrastructure, more affordable energy and higher rates of capital investment grow faster and have higher levels of productivity. Policies on trade, procurement and sectors are also tools that can be used to drive growth by increasing competition and encouraging innovation and investment. The Green Paper also recognises that by strengthening the local institutions that support a more productive economy growth can be driven across the whole country.
- 1.6 One of the 10 pillars relates to developing skills. Within this, the Government recognises that it must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.
- 1.7 Within this context, the Industrial Strategy confirms the following as actions that the Government has already put in place:
  - moving forward with schools reforms, consulting on our plans for a new, fair National Funding Formula for schools.
  - delivering more, higher-quality apprenticeships and introducing the Apprenticeship Levy to bring in investment needed in our young people.
  - setting out, through the Sainsbury Review and the Skills Plan, the a plan to radically simplify the thousands of vocational qualifications into a smaller number of high quality new routes.
- 1.8 In terms of new commitments, the Industrial Strategy confirms that the Government will:
  - create a proper system of technical education, to benefit the half of young people who do not go to university and provide new, better options for those already in the workforce.
  - committing £170m of capital funding to the creation of prestigious new Institutes of Technology to deliver higher technical education in STEM subjects and meet the skills needs of employers in local areas.
  - exploring how to support further education colleges to be centres of excellence in teaching maths and English.

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- exploring how to give technical education learners clear information, which could include a way of searching and applying for courses similar to the UCAS process.
- responding to Professor Sir Adrian Smith's independent review of post-16 mathematics which will propose measures to improve take up of mathematics and close large regional imbalances in take up of advanced mathematics.
- considering how to enable the specialist maths school model pioneered by Exeter and King's College London to spread. We will seek partners to open mathematics schools of this kind across the country.
- exploring further encourage the uptake of STEM subjects to help meet unmet demand and build on the growth of recent years.
- working towards a joined-up, authoritative view of the sector specific skills gaps that the UK faces now and in the future.
- publishing a comprehensive careers strategy later this year to radically improve the quality and coverage of careers advice in schools and colleges, to make it easier for people to apply for technical education, and to give people the information they need to access training throughout their working lives.
- exploring ambitious new approaches to encouraging lifelong learning, which could include assessing changes to the costs people face to make them less daunting; improving outreach to people where industries are changing; and providing better information.
- taking further actions to address differences in skill levels between different areas to help drive economic growth and opportunity throughout the country.

## **2. Policy development in the North East**

### *Labour Market Intelligence (LMI)*

- 2.1 Labour Market Intelligence (LMI) for the North East continues to be developed. Discussions about future developments are taking place with the North East LEP and a number of digital partners who are designing some innovative tools to present data and information to various audiences.
- 2.2 The work to produce a number of Careers Videos to promote our key priority sectors has been completed. A new schools resources toolkit, 'North East Ambition' was launched in February 2017. Its purpose is to help teachers

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communicate the many exciting careers available in the North East, and the paths young people can take to get them.

- 2.3 The toolkit includes four videos, all showcasing young people and the jobs and training they're participating in, in our region. There has been some excellent feedback from schools on the videos and toolkits so far, including:
  - "The videos are fresh - they don't look old and stuffy. They are current and importantly they use young people who students can identify with"
  - "In contrast to the commonly held view that the north east is an area of dying industry and limited opportunity, the video portrays the region as a thriving and vibrant place to live and work"
  - "In some cases the powerpoints were seen as more useful for staff as they enabled teachers to understand more about the labour market in order to be able to teach it."
- 2.4 Each of the four videos is accompanied by a teachers toolkit, including powerpoint presentations and lesson plans. Anyone can sign up to receive the resources from the North East LEP website.
- 2.5 Work is ongoing to support various initiatives with their LMI needs including the Good Career Guidance Benchmarks, development of Devolution proposals and support to ensure that ESF proposals meet our strategic priorities.

### **3. Programme and Project Update**

#### *DWP European Social Fund Opt-In for the North East*

- 3.1 The DWP 'Opt-In' programme 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.
- 3.2 Working Links began delivery of the contract on 9 January 2017. The company had a good track record of delivery in the North East until the start of Work Programme in 2011 and is keen to reassert its local presence. It delivers a number of employment programmes in other areas, including Work Choice for people with disabilities seeking work.
- 3.3 The programme incorporates a mix of direct delivery by Working Links and through supply chain partners from a range of delivery centres and outreach venues. 54% of the contract is delivered through subcontracted partners in the public, private and third sectors, including specialist health support. The main

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delivery partners are Gateshead Council, Groundwork, Learning Curve Group, Northern Rights, Changing Lives, Finchale College and Sports Works, with a number of additional support services.

- 3.4 Along with job search activities, the programme offers a range of physical and mental health support from in-house health professionals. As an integrated work and health service is the key objective, the provider will need to engage with existing health services (such as those commissioned by CCGs) and make referrals as needed. Participants are referred through Job centres or other organisations and participation is voluntary.
- 3.5 Working Links will make regular presentations to the NECA EIS employment support group and has individually met local authority representatives in each area. Monthly local engagement meetings between DWP, Working Links and NECA/NELEP are being held to monitor performance and ensure co-ordination with other programmes and integration with services is working effectively. Initial meetings have indicated a positive start to the contract with a good number of referrals from Job centres.
- 3.6 However, NECA/NELEP is not party to contract management meetings and DWP has not confirmed the level of performance data that will be released. NECA/NELEP has requested that performance data is made available to local authority level as a minimum. This will be pursued with DWP at subsequent meetings and referred to ESIF sub-committee as necessary. Performance data made available will be reported to future Leadership Board meetings.

### *North East Mental Health Trailblazer*

- 3.7 The North East Mental Health Trailblazer is piloting integration of employment and mental health services, with employment coaches working in Increasing Access to Psychological Therapies (IAPT) teams in coordination with clinical staff. It aims to support 1,500 unemployed people with mental health conditions to find work across NECA over 2017-18.
- 3.8 IAPT teams have responded positively to incorporating the model into their services. Staff appointments have been phased in line with projected referral flows; employment coaches are now in place in IAPT teams in each LA area and a recruitment campaign in February will bring the employment coach team to a full complement of 21.
- 3.9 Referral volumes from Jobcentres in the early stages have been very positive and clearly indicate a demand for a mental health and work service. Over 200 people have been referred to the service from early January to the end of February. More than half of these are from County Durham Jobcentres,

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reflecting the earlier start of the programme in Durham and the high number of eligible claimants.

- 3.10 A multi-agency steering group including CCG, DWP, NHS and local authority representatives will meet quarterly from March to oversee performance and strategic direction of the programme, identify opportunities for further work and health integration, identify sustainability options and develop succession strategies.
- 3.11 Publicity and an event for the programme, potentially with ministerial involvement, is being discussed with DCLG within the context of the recent Government consultation on work and health and the recommendations of the NECA Commission for Health and Social Care Integration.

### *Generation NE*

- 3.12 Generation NE has been operational since July 2014 and the programme has supported in 3500 young people, of which 1400 have moved into employment to date and over 300 have gained work experience; 780 of those gaining employment have now sustained employment for 6 months or more.
- 3.13 The programme is continuing to deliver very good value for money compared to original expectations and this has been highlighted in a 'mid-term review' of the programme; a full report of the review findings was presented at to Leadership Board on 20 September 2016. A full evaluation of the programme will commence in coming months.
- 3.14 Delivery of Generation NE has now extended to cover the full NECA geography and the service is being received positively by Jobcentre Plus in Sunderland and South Tyneside with over 280 young people referred to date.
- 3.15 Generation NE is demonstrating the impact that can be achieved through a programme that is locally led, both strategically and operationally and that can impartially 'make sense' of a complex and fragmented system. In order to continue to contribute to tackling our local economic challenges Generation NE will be extended and widen its focus, delivering support for those young people that do not claim benefit and are generally ineligible for much of the mainstream government support. In principle agreement has been given by DCLG and DWP to this proposal. New ways of accessing support online are being piloted alongside face to face support to ensure that young people have more choice in how they receive support.
- 3.16 Funding that may support this extension is available within the European Social Fund programme. The lifetime of Generation NE may be extended for up to 3 years and the impact of the programme broadened to support a wider

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cohort of young people should additional resources be secured. Opportunities to apply for this funding are expected in early 2017.

### *Good Career Guidance Benchmarks*

- 3.17 From June 2015 and in partnership with The Gatsby Foundation, North East LEP has been supporting the application of the Good Career Guidance benchmarks. This provides the opportunity to test the benchmarks in action; lead the development of practice which will have local impact and national profile; and improve the quality of provision and opportunity for young people.
- 3.18 The benchmarks have gained significant national traction and the skills lead for the North East LEP was asked to attend an invitation only meeting on 31 January 2017, in London where the Apprenticeship, Skills and Careers Minister outlined his vision for careers. He spoke about:
  - Importance of lifelong careers
  - Need to transform careers and bring greater coherence to provision
  - Need a careers system that works for everyone, builds on what works and expanding both the quantity and quality of careers provision across the country.
  - All schools and colleges should be encouraged to use the Gatsby Foundation's career benchmarks (being implemented so successfully in the North East)
  - Careers guidance should lead to meaningful, skilled employment and will be central to the new industrial strategy and future productivity
  - Committed to publishing a comprehensive careers strategy for all ages later this year.
- 3.19 During and after the speech, the Minister commented that the North East is leading the way and that he now recognises the 8 benchmarks of good career guidance as 'the eight commandments'. This was reinforced on his recent visit to Gateshead College where he saw first-hand how outstanding careers provision can be implemented.
- 3.20 The North East LEP has been approached by the Department for Education (DfE) to work with colleagues at the DfE to ensure that the future careers strategy does indeed work for everyone.
- 3.21 The benchmarks continue to gain significant national traction and the North East LEP are hosting visits on a weekly basis. In February, they hosted a visit

# **North East Combined Authority**

## **Leadership Board**

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by the ARK Academies Trust to the pilot sharing best practice with 13 school leaders from the second largest academies chain in the country.

- 3.22 Schools and colleges involved in the pilot continue to make progress. Interim reviews of year 2 progress have been concluded and show that schools and colleges are now fully achieving more than 5 of the 8 benchmarks, making them better than the best ever observed in the Gatsby Foundation's original research.
- 3.23 In February, the North East LEP launched a suite of three LMI videos, supported by an educator resource pack for use in schools and colleges. The videos and supporting resources have been so far accessed by over 60 schools and colleges. The videos were launched at Schools North East Future Ready Conference.
- 3.24 The benchmarks continue to inspire collaboration. This is emphasised by event funded by the North East LEP which brought together independent schools, state schools, academies, local authority schools, universities, apprenticeship providers and employers to support each other to develop resources which teachers could use directly in their classroom and subject department. The collaboration was focussed on benchmark 4 – linking careers learning into the curriculum and was attended by over 100 people.

### *Enterprise Advisors*

- 3.25 This key Government-backed initiative was initiated in September 2015. The Careers & 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. Its role is to take an umbrella view of the landscape of careers and enterprise, supporting programmes that work, filling gaps in provision and ensuring coverage across the country.
- 3.26 The North East LEP has taken the opportunity to shape and adapt the original CEC model to enhance the opportunities for school and business engagement. The Enterprise Advisor network is active in 38 or 39 LEP areas. A dedicated coordinator was recruited in November 2015 and another in May 2016, a third has been recently recruited.
- 3.27 To date 75 Enterprise Advisers have signed up. 43 schools and colleges have returned their self-assessment and supporting Enterprise Adviser action plan. Of the 43 schools, 38 have been matched with an EA, and an additional 5 pending matches for early in 2017 (which means an EA has been identified and first meeting to be arranged). 16 other schools and colleges who have met with an Enterprise Coordinator are in the process of completing the self-assessment document and are being followed up.

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- 3.28 The Career and Enterprise Company has allocated further funding for activity support including £1 million available for programmes in Opportunity areas (Blackpool; Derby; Norwich; Oldham; Scarborough and West Somerset). Additionally and in partnership with the Education Endowment Foundation and Bank of America the CEC has indicated that an additional £4 million would be available in England for programmes which include the following themes: Enterprise education; transition skills development; volunteering and work experience. The North East LEP is continuing to work alongside the CEC to try to ensure that North East schools and organisations are beneficiaries of these funds. Latest cold spot analysis reveals that the North East LEP region is 'in need' in 3/7 indicators.

### *Apprenticeships*

- 3.29 The North East has a strong and active part to play in meeting the Government's target of three million apprentices by 2020. However, there is also a recognition that there is still much to be done to deliver the ambitious targets that the region has set within the Strategic Economic Plan (SEP).
- 3.30 The Apprenticeship Growth Partnership (AGP) continues to meet on a quarterly basis with a remit to support businesses, to encourage the development of apprenticeship vacancies, to promote higher level apprenticeships and to engage sector groups to develop standards and liaise and promote the development of high quality apprenticeships.
- 3.31 The online system that employers will use to manage apprenticeship funds was launched on 13 February 2017 and is now open for registration to all levy-paying companies. To help employers access and use this, a revised and updated version of the SFA apprenticeship toolkit has now been released to LEPs. These consist of detailed powerpoint presentations on the various apprenticeship reforms including the employer levy, Apprenticeship Service (DAS) and the new standards.
- 3.32 A series of events are being planned, one in each local authority area. Details confirmed to date are as follows:
- North Tyneside – 8 March at Quorum Business Park
  - Gateshead – 23 March joint event with Gateshead College
  - Sunderland – 8 March joint event with Unipres with a focus on levy paying businesses

Events in Newcastle, Durham, South Tyneside and Northumberland are still to be confirmed.

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### *Skills – capital investment*

- 3.33 Four from five original LGF Skills Projects are now physically completed and the remaining project at Northumberland College in Ashington commenced on site in early December 2016 and is planned to open in September 2017.
- 3.34 Following the project call in March 2016, two new skills focussed projects have been approved, both are social-enterprise led – Foundation of Light in Sunderland and Eagles Foundation in Newcastle. Both are using sport to connect and engage young people, raising their aspirations and introducing them to college courses and other providers.
- 3.35 In January 2017 the North East LEP received confirmation from Government of its funding award from Round 3 of the Local Growth Fund. A total of £49.7m has been awarded over the period 2017-21 to support the development of the ‘International Advanced Manufacturing Park’, north of the Nissan factory and the introduction of an ‘Innovation, Skills and High Growth business’ mini programme. The focus of the mini programme will be developed during the Spring.

## **4 Potential Impact on Objectives**

- 4.1 The work being taken forward is consistent with the Combined Authority’s stated objectives

## **5 Finance and Other Resources**

- 5.1 Financial plans will be developed and reported to the Board as appropriate.

## **6 Legal**

- 6.1 The legal implications of the work will be considered as delivery progresses.

## **7 Other Considerations**

### **7.1 Consultation/Community Engagement**

No consultation or community engagement has been undertaken at this stage in the work programme.

### **7.2 Human Rights**

There are no specific issues arising from this report.

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### **7.3 Equalities and Diversity**

There are no specific issues arising from this report.

### **7.4 Risk Management**

Appropriate risk management arrangements will be put in place as delivery progresses.

### **7.5 Crime and Disorder**

There are no specific issues arising from this report.

### **7.6 Environment and Sustainability**

There are no specific issues arising from this report.

## **8 Background Documents**

- Work, health and disability green paper: improving lives
- Industrial Strategy green paper

## **9 Links to the Local Transport Plans**

None

## **10 Appendices**

None

## **11 Contact Officers**

11.1 Janice Rose, Policy Manager, Northumberland County Council  
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01670 624747

## **12 Sign off**

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

## North East Combined Authority

### Leadership Board

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**DATE:** 21 March 2017

**SUBJECT:** Transport (and Digital Connectivity) Thematic Lead Update Report

**REPORT OF:** Thematic Lead for Transport

#### EXECUTIVE SUMMARY

This report provides an update to the Committee on progress in our region on activities that are helping to deliver the key principles of the Transport Manifesto. The region has benefited from recent announcements, such as the International Connectivity report launch which features Newcastle Airport prominently and additional funding for local roads.

The region has seen some recent disappointment with no award of funding from the DfT's Access Fund. However, good progress is being made on securing funding for a new fleet of Metrocars, highlighted by Nexus' recent high profile event in Parliament that was well attended by MPs, local business and council representatives, government representatives and the train manufacturing community.

Transport for the North (TfN) continues to develop its Strategic Transport Plan, as well as a Major Route Network, comprising the roads that are strategically important to the North's economy. NECA will be working with TfN to ensure the appropriate routes in our region are included. Work also continues to ensure the region is at the forefront of digital connectivity and innovation.

The Bus Services Bill has had its second House of Commons reading delayed because of the government's Brexit Bill.

With Transport a critical contributor to improving the region's economy, it is important that sustained progress is made. This Committee should note the substantial progress made, whilst noting that there is much more to do.

#### RECOMMENDATIONS

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

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### **1. Transport in the North East**

- 1.1 Good Transport is at the heart of any successful economy. Being able to travel quickly, comfortably, and affordably can boost productivity and deliver real benefits to local residents and businesses. The NECA recently submitted evidence to the National Infrastructure Commission to help provide input into the development of its National Infrastructure Assessment. This submission highlighted the distinct attributes that the North East economy boasts and how significant investment in the regions infrastructure, including transport, could help deliver economic benefits.
- 1.2 As a region, we need to collectively seek out opportunities that deliver extra funding and delivery powers. The foundations to deliver on transport are in place in the now published Transport Manifesto. Now that the key principles of the Manifesto have been agreed, the region must start to deliver on these principles. This report provides a commentary on recent progress that has been made towards realising the vision presented in the Manifesto.

### **2. Key Announcements**

#### **2.1 International Connectivity report launch**

- Chaired by John Cridland CBE, the ‘Independent International Connectivity Commission Report’ was published on 1<sup>st</sup> February 2017. Newcastle Airport features prominently, and its key role highlighted in the North’s connectivity offer with its distinct catchment area.
- The report concludes that there is potential for substantial growth at Newcastle Airport but highlights that surface transport improvements are required to realise this growth, including the A696/A1 junction, and investment in the Metro and rail connections. The report also names Port of Tyne as a key strategic asset for the North.
- Ensuring that our region remains competitive on an international scale is of critical importance in ensuring a strong economy that allows business to thrive and we welcome the recommendations in the Commission’s Report. We will bring forward the actions from this report as part of TfN’s Strategic Transport Plan.

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### **2.2 Local Roads Funding**

- The DfT announced further roads funding on 13<sup>th</sup> January 2017. The announcement set out the allocation for existing funds such as the pothole action fund, and also set out 2017/18 allocations for two new funds, the National Productivity Investment Fund (£185m) and Safer Roads Fund (£25m).
- Durham County Council and Sunderland City Council have been invited to submit proposals (by the end of April 2017) for funding from the Safer Roads Fund to reduce the risk of fatal and serious collisions on the A66 between Bowes and Barnard Castle and A182 Usworth – A19 West Boldon.
- £185m is available from the National Productivity Investment Fund in 2017/18. The funding is to be spent on local highway and other local transport improvements which aim to reduce congestion at key locations, upgrade or improve the maintenance of local highway assets across England, improve access to employment and housing and/or create job and economic opportunities. NECA is required to confirm how they will spend their allocation by the end of March 2017 and officers will seek clarification regarding the formula that will be used to calculate this fund.

### **2.3 Access Fund Update**

- NECA has been informed that its Go Smarter bid to the DfT's Access Fund was unsuccessful. Over a number of years, the Go Smarter initiative, most recently through the Sustainable Travel Transition Year, has undertaken engagement work with people on how they can travel to work and schools more smartly. The funding for Sustainable Travel Transition Year ceases on 31 March 2017 and activities are on-going to explore what tasks are required to close down the project.
- More positively, Durham County Council will benefit from a collective bid made to Access Fund that was led by Blackpool Borough Council, to be delivered by Living Streets. This project will support economic, health and environmental development in targeted areas through active travel.
- Many of the areas awarded funds under the Access Fund are pursuing devolution deals, for example Tees Valley Combined Authority, which was awarded one of the largest sums at £3.3million. Additionally, a 'Cycling and Walking to Work' fund totalling £3.8m was awarded to Greater Manchester CA, Liverpool City Region and West Yorkshire CA. Officers are currently trying to understand where this fund originated, and why the North East was not given the opportunity to bid.
- The NECA will continue to seek further opportunities, where possible, to continue the work of furthering modal shift in order to achieve a

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more sustainable environment for our region. We will also continue to deliver legacy projects under the Go Smarter banner where funds permit.

### **3. Metro**

- 3.1 Following Leadership Board approval of the new Metro and Local Rail Strategy, Nexus has been holding a series of discussions with the government to discuss investment in the Metro fleet.
- 3.2 Nexus hosted an event at the Houses of Parliament on Tuesday 7<sup>th</sup> February 2017. This event was well attended by MPs, local business and council representatives, government representatives and the train manufacturing community.  
The opening speech of the event was delivered by Nick Brown MP for Newcastle East, who explained the importance of securing the current ARP funding for Metro and why investment needs to continue. Further speeches were provided by Guy Opperman MP, Tobyn Hughes and Andrew Jones, Parliamentary Under Secretary of State at Department for Transport. The Minister recognised the importance of Metro to the North East and acknowledged that the fleet needs to be replaced. Although he was unable at this point to provide a commitment to government funding, he offered the government's assistance in moving the project forward.
- 3.4 The Nexus rolling stock replacement project received an "amber/green" rating in the DfT Office of Government Commerce Gateway Review, demonstrating a good outcome. Following a positive meeting with DfT's 'Board Investment and Commercial Committee' (BICC), Nexus is progressing funding discussions with Treasury and DfT with the aim of commencing a procurement process in June. Leadership Board approval of the final specification and procurement approach will be sought later this year.
- 3.5 Feedback has been received from the DfT regarding some elements of the outline business cases, resulting in updates to the economic cases. This along, with changes to the business case guidance, has resulted in a Benefit to Cost ratio of 3.92:1 for the replacement of the Fleet and associated infrastructure (this is considered high value for money) and 4.05:1 for Essential Renewal of the infrastructure (this is considered very high value for money). The updated cases will now be resubmitted to DfT.
- 3.6 A public consultation into the design of future Metro trains has been well received, with around 3,500 people taking part in three strands of research. A key finding has been that passengers prefer 'linear seating' as seen on a number of London Underground lines. This would allow for more space when trains are busy and for when people are transporting wheelchairs, buggies,

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and luggage.

- 3.7 Metro has arrested the decline in performance that was seen around 18 months ago, although punctuality on Metro remains below target. Patronage remains below target due to a drop in leisure based travellers, but campaigns such as Great North Snowdogs has helped offset some of this decline. The continuing struggles with poor punctuality underline the importance of the requirement for a new fleet of Metrocars. Without investment, from 2021 Nexus forecasts that it may need to reduce the Metro timetable as a result of fleet failures. This would undoubtedly mean the loss of customer confidence, reduced patronage and will be likely to lead to increased congestion. A strong Metro in our region will help enable a strong economy in the region that helps residents and businesses to get about.
- 3.8 Work to update the ageing Metro infrastructure continues and a busy programme under the Asset Renewal Plan is underway this calendar year, with the full replacement of the overhead line taking place and the replacement of the bridge at Killingworth Road in South Gosforth starting this summer.
- 3.9 On 24<sup>th</sup> March 2016, The Leadership Board endorsed a plan for Nexus to manage the Metro as an in-house operation from 1<sup>st</sup> April 2017 and to allow the current Metro Concession with DB Regio Tyne and Wear (DBTW) to expire on 31<sup>st</sup> March 2017. Significant work has been undertaken to ensure a smooth transition takes places. Whilst Nexus are putting measures in place to find ways to improve Metro's operating performance, it should be noted that the transition between operators elsewhere in the UK rail industry has sometimes resulted in a short to medium term decline in performance. Arrangements are being put in place to ensure TWSC can closely monitor the performance of Metro following the transition.

### **4. Transport for the North (TfN)**

- 4.1 On 19<sup>th</sup> July 2016, The Leadership Board supported TfN's proposal to apply to become a statutory body with devolved powers. Following agreement by all northern transport authorities (including NECA), on 14th October 2016 TfN submitted a formal proposal to the Department for Transport to become a statutory Sub-National Transport Body.
- 4.2 TfN is developing a Strategic Transport Plan. Our involvement in this workstream is important in ensuring that our aspirations for key strategic transport links are taken into account. The overarching Strategic Transport Plan will be supported by two 'daughter' documents covering Rail (Integrated Rail Report) and Road (Strategic Roads Report).
- 4.3 TfN is developing a 'Major Route Network (MRN)' comprising the roads that are strategically important to the North's economy. NECA will be working with TfN to ensure the appropriate routes in our region are included. TfN's aim is

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to use the MRN to make the case for investment; it has no plans to seek highways powers. Having an extra voice through TfN will lead to better opportunities to win further funding opportunities.

- 4.4 The NECA area should be aspiring to be at the forefront of digital connectivity and technological innovation. Officers continue to work with TfN on developing Smart Ticketing, in particular, the delivery of a “Smart Back Office” to enable the use of contactless banking. Many other industries are embracing contactless, and it is critical that transport keeps up with the latest technological innovations.

### **5. Rail**

- 5.1 As part of the Franchise agreements for TransPennine and Northern, enhanced services were planned to come into effect in December 2017 and December 2019. These were reliant on the completion of Network Rail engineering works, mainly electrification in the West of England, which would release additional diesel trains for service in the North. Due to delays in completion of those engineering works, there will be some delays to implementing the planned enhancements.
- 5.2 NERMU officers have responded to a Northern Rail consultation regarding the December 2017 timetable changes. The NECA welcomes the commitment to introduce half hourly services between Newcastle and Carlisle, although it should be noted that this is now delayed until May 2018.
- 5.3 On station re-developments, progress with Sunderland Station remains slow, despite several letters to Ministers. Another meeting has been set up with Network Rail to see if progress can be made. TNEC has agreed to provide Local Growth Fund money to Durham County Council to help progress the Horden Rail Station project. These are just a few of many rail projects planned in our region that aim to bring about significant changes to the rail network and facilities in the NECA area in the coming years, helping to improve accessibility and provide a better environment for business to thrive.
- 5.4 It was announced on 28th February that the RMT have voted in favour of industrial action and have proposed a strike on 13th March 2017. The Rail North position on this is as follows: “Rail North supports Northern's plans to transform rail travel and services across the North of England which will deliver substantial passenger benefits and benefit the UK economy. We are disappointed that industrial action appears likely. Staffing proposals are a matter for the operator to agree with staff and the unions. We encourage both sides to remain in dialogue and try and find a way forward that avoids impacting on the travelling public”.

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### **6. Bus Services**

- 6.1 The Second reading in the House of Commons for the Bus Services Bill was scheduled for 31<sup>st</sup> January 2017, but that has since been delayed. We are aware that the Secretary of State for Transport, Chris Grayling, has indicated that the House of Commons are likely to overturn some amendments that were made in the House of Lords, which were welcomed by this Committee and TNEC. These amendments included the ability for non-mayoral combined authorities to progress franchising without prior approval of the Secretary of State and the removal of the clause to prevent authorities from setting up municipal bus companies.
- 6.2 Commercial bus operators continue to make cuts to services, most recently in Sunderland, and with Newcastle to follow. These cuts are likely to undermine the NECA's work to promote access to work and training, a key issue that was flagged up by the Overview and Scrutiny Committee Policy Review into Transport related barriers to education, employment and training.
- 6.3 The "Task and Finish" Group that has been established to look into bus fares offered to young people across the region has had its first formal meeting with the three major bus operators in our region, Arriva, Go North East and Stagecoach. Discussions around the age of eligibility for young people's ticketing were encouraging. Parties agreed to take some time away to investigate further and will report back at the next meeting later this month. Running concurrently to this work, the NECA has commissioned an independent consultants study to provide an independent commentary on the ticketing offered to young people on bus services in the NECA area.
- 6.4 TNEC has requested the preparation of a bus strategy for the NECA area. Collaborative work is progressing to prepare a strategy and the views of operators are being sought as part of this strategy development work. A strategy is likely to be ready for consultation later in 2017.

### **7. Digital Connectivity Update**

- 7.1 NECA Digital Leads are working collaboratively alongside the North East LEP to support delivery of the Strategic Economic Plan (SEP). Three sub-groups have been established to share knowledge and support development of our efforts to grow and promote Digital Skills; to ensure the region is well placed to benefit both economically and socially from Open Data; and to map and exploit Internet of Things' (IOT) potential. This work reaffirms that Digital Connectivity is a direct enabler of economic development and productivity uplift across our smart specialisation sectors, as well as providing the conditions for business growth and improved competitiveness.
- 7.2 The North East Digital Leads group are making significant progress with their work to position the region as a 5G Connectivity trailblazer and to sustain

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and grow the region's competitiveness in the Digital Economy. The group has worked with Nexus and other partners, to develop an investible proposition for an IOT test-bed. A Project Manager has been appointed to lead on the development of a business case and to maximise funding opportunities to establish the test-bed's infrastructure. The work of the Project Manager is overseen by a Steering Group comprising NECA Digital Leads members from local authorities, Nexus and the North East LEP.

- 7.3 Our work is not taking place in isolation, but in coherence with our aspiration to ensure we deliver the inclusive growth which enables our people, businesses and communities to play a prominent role in the emerging Digital Economy. Working collaboratively to support the region to develop the Digital Skills needed to deliver our SEP, we are ensuring the north east is well positioned to support people and businesses to benefit from future devolution of employment and skills functions. This is consistent with our aspiration that the North East is increasingly seen, not only nationally but globally, as a location of choice for testing, refining and rolling out Digital products and services.

### **8. Next Steps**

- 8.1 NECA, Nexus and local authorities will continue to monitor progress, referring to the key principles set out in the Transport Manifesto. Moving forward, development of the Transport Plan is critical in ensuring we have a robust policy base, from which we can continue to improve our Transport Network, by securing appropriate funding opportunities, and delivering on our aspirations.

### **9. Potential Impact on Objectives**

- 9.1 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.

### **10. Finance and Other Resources**

- 10.1 The report includes information on funding and financial opportunities. There are no specific additional financial implications for NECA arising from this report.

### **11. Legal**

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

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### **12. Other Considerations**

#### 12.1 Human Rights

There are no specific human rights implications arising from this report.

#### 12.2 Equalities and Diversity

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

#### 12.3 Consultation / community engagement

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

#### 12.4 Risk Management

This report is for information only and there are no specific risk management implications arising from it.

#### 12.5 Crime and disorder

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

#### 12.6 Environment and Sustainability

Delivery of the various rail and public transport measures listed in this report should assist in meeting our objectives for a more sustainable transport system and improved air quality.

### **13. Background Documents**

None.

### **14. Links to plans in the policy framework**

The various transport schemes and programmes listed in this report link to the forthcoming Transport Plan for the North East.

### **Appendices**

#### **15.**

None.

### **16. Contact Officers**

Tobyn Hughes, Managing Director (Transport Operations)

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## **Leadership Board**

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### **17. Sign off**

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

## North East Combined Authority

### Leadership Board

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**Date:** 21 March 2017

**Subject:** Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016

**Report of:** Monitoring Officer

#### Executive Summary

The purpose of this report is to advise members on the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016. The Order will come into force in May 2017 and relates to both Mayoral Combined Authorities and Non-Mayoral Combined Authorities and so has implications for NECA committees.

#### Recommendations

It is recommended that the Leadership Board:

- a) Note the implications of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016, and
- b) Consent to the publication of the procedure for Call-in of decisions proposed by the Scrutiny Committee as set out in the report; and
- c) Confirm whether the Chair of the Scrutiny Committee is to be an Independent Person or an Appropriate Person (as described in paragraph 3.16 of the report); and
- d) Agree to the establishment of the role of Vice Chair for Scrutiny Committee and confirm their appointment will be on the same basis as the appointment of the Chair of the Scrutiny Committee; and
- e) Note that the Chair and Vice Chair of Governance Committee are Independent Persons and confirm that the appointment of Independent Persons to fulfil such roles will continue; and
- f) Continue to support the process for member referrals and member involvement in establishing an annual scrutiny work programme as set out in the report; and
- g) Agree the relevant amendments to the Constitution as set out in Appendix 1 adapted to reflect the appointment of either Independent Persons or Appropriate Persons as Chair and Vice Chair of Scrutiny Committee; and
- h) Note the statement provided by the Scrutiny Committee at paragraph 3.20 of the report.

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### **Background**

- 1.1 Changes are required to both the Overview and Scrutiny Committee and the Governance Committee as a result of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 (The Order) which has been laid before Parliament and will come into force in May 2017 when the first Mayoral Combined Authorities begin to operate. The Order relates to both Mayoral Combined Authorities and Non-Mayoral Combined Authorities and so has implications for NECA.
- 1.2 NECA is required by the Order establishing it in 2014 to have an Overview and Scrutiny Committee (the Committee) but the provisions of this Order will be superseded by the 2016 Order. Although many of the requirements in the Order are already in place in NECA some material changes will be required including:
  - Call in of decisions
  - Overview and Scrutiny Committees (and Audit Committees) reflecting regional political balance
  - The Chair either to be an independent person or to be a member who is not from the majority political party
  - A Scrutiny Officer to be appointed but they must not be employed by a Constituent Authority.
- 1.3 The new Order introduces a far stronger scrutiny role within both Combined Authorities and Mayoral Combined Authorities. The key implications and options for consideration are set out below.

### **2. Current position**

- 2.1 On 29 April 2014 the NECA established the Overview and Scrutiny Committee, as it was obliged to do under the Order establishing NECA. The Committee currently comprises of two Members from each of the Constituent Authorities and therefore has 14 Members. Its quorum is 10 and the membership is based on the political balance that prevails at each of the constituent authorities at the time of the appointment of the Members to the Committee.
- 2.2 The Committee works to an annual work programme and has been active reviewing and scrutinising the decisions of the Leadership Board, the Committees and Sub-Committees of NECA and Nexus and has held inquiries, produced reports and made recommendations.

### **3. Proposals for local provisions**

- 3.1 The Scrutiny Committee met on 14<sup>th</sup> February 2017 and this report sets out the proposals from the Committee for endorsement by the Leadership Board.

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### Composition of the Scrutiny Committee

- 3.2 The NECA area currently consists of seven constituent authorities and therefore, the minimum number of members of the Committee is 14 (with each authority having two members). The majority of members will be constituent local authority councillors. In addition, each local authority has appointed one substitute member.
- 3.3 Councillors are nominated by their constituent authorities in accordance with the political balance requirements and appointment is made by the Leadership Board annually. In addition, the co-option of other members with appropriate or relevant experience may supplement the Committee membership.
- 3.4 The Committee has operated with this composition since 2014 (with the more recent addition of substitute members). In the light of provisions in the Order which strengthen the role of scrutiny, members were asked if they wished to consider if the current composition should be reviewed.
- 3.5 As an alternative to the nomination of two members by each constituent authority, the Committee was asked to consider if it wanted to increase the number of members of the Committee, however the members felt that the current size of the committee was appropriate.
- 3.6 The Committee proposed that a larger committee could be unwieldy and would not necessarily contribute towards achieving a quorum therefore it was proposed to retain the current arrangements for two scrutiny members per local authority (with the existing addition of one substitute member per authority).
- 3.7 It was noted that the quorum would remain the same with at least 2/3 of the total number of members of the Committee being required to be present for the Committee to be quorate, i.e. 10 of 14 members.

### Political Balance

- 3.8 Appointments to the Scrutiny Committee currently reflect the political balance applying to each Constituent Authority. The 2016 Order requires that the appointment of members to the Committee (and also to the Governance Committee, see paragraph 4.3 below) must so far as reasonably practicable reflect the political balance prevailing regionally.
- 3.9 The determination of political balance on both the Scrutiny Committee and Governance Committee would require calculating the numbers of seats held by each political party on each council within the Combined Authority area. Seats on the Committee would then be allocated in proportion to the total number of seats held by each political party across the entire area.

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- 3.10 Based on the current number of seats held by each political party within the Combined Authority area, the allocation on a NECA-wide basis would provide 10 of the 14 seats on the Committee to the group with the majority overall.
- 3.11 There will be occasions when a precise mathematical allocation cannot be implemented. On such occasions, the Monitoring Officer will work with the Committee and constituent authorities to agree a satisfactory arrangement in the interests of the NECA as a whole. The objective in those circumstances is to have overall regard to the principles of proportionality
- 3.12 As is currently the case, each member of the Committee will have one vote, and no member will have a casting vote. It will also remain the case that any question to be decided by the Committee will be decided by simple majority vote and a tied vote will mean that the matter is not carried.
- 3.13 The Committee noted the requirements for political balance which would be based on regional proportionality rather than appointment by each constituent authority according to their own political balance. Members commented that the current selection of individual member representatives from each local authority was with each of the Leaders and a regional approach to proportionality would also require a regional selection approach.

### Appointment of Chair and Vice-Chair

- 3.14 Currently, the appointment of the Chair is delegated by the Leadership Board to the Committee who appoint the Chair and Vice-Chair.
- 3.15 The 2016 Order will make it necessary for the Chair of the Committee to be either an “independent person” or an “appropriate person”.
- 3.16 An independent person may not be a member or officer of NECA, a Constituent Authority or parish council or have held such a position within the five years of the appointment as Chair neither may they be a relative or close friend of a member or officer. An “appropriate person” is a member who is not in the majority party across the Constituent Authorities.
- 3.17 For the option of an appropriate person, this means that the Chair must not be of the same party that has the majority of members on the Committee, or where two or more parties have the same number of members, any of those parties.
- 3.18 There is no provision in the Order for a Vice-Chair however, for the NECA Scrutiny Committee it is considered prudent to plan for occasions when the Chair may be unavailable and both the Chair and Vice-Chair will be appointed under the preferred option.
- 3.19 The Committee in its deliberations felt that these requirements were more appropriate for a Mayoral Combined Authority and that the Committee, having demonstrated its independence, should not have this requirement imposed

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upon it. The Committee made the following statement at Paragraph 3.20 to be read alongside its proposals for implementing the requirements of the Order:

- 3.20 The Scrutiny Committee has considered the options presented under the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016, including a preference under the requirement to change the chairing arrangements and has made recommendations on each requirement.

The Committee wish it to be noted that there was strong opposition to the requirement to change the chairing arrangements. The Committee has confidence in the current Chair and objects to being required to choose one of the two options, without a clear benefit to either option.

The Committee felt that these requirements were more appropriate for a Mayoral Combined Authority and that the Scrutiny Committee, having demonstrated its independence, should not have the requirement to change chairing arrangements imposed upon it.

The Committee already worked well together, they were efficient as a Committee, and have demonstrated that they were able to act impartially without the need for imposition from Government of either an independent chair or an opposition chair.

The Committee wishes it to be noted that they are endorsing the arrangements under compulsion of the Order and not in agreement with it.

- 3.21 Notwithstanding the position agreed by the Committee, the Committee endorsed the option of an appropriate person to Chair the Committee upon implementation of the regulations. However whether an Appropriate Person or an Independent Person is selected as the Chair and a proposed Vice Chair is a matter for the Leadership to determine.

### Co-opted Members

- 3.22 The majority of members of the Committee must be constituent local authority councillors however; additional co-optees can also be sought from non-constituent authorities or as expert co-optees.
- 3.23 Where a member is not from a constituent council they do not have a vote automatically, but can be given one by resolution of the Combined Authority.
- 3.24 The appointment of independent co-opted members provides an opportunity to enhance the experience, knowledge and skills available across the membership. By carefully selecting individuals who complement the councillor members of the Committee, independent co-optees can be used to help the Committee be more effective. Co-opted members may be experienced individuals from within the region, such as from NELEP, educational

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establishments or from other public or private sector bodies depending upon the focus of the work programme.

- 3.25 The co-option of members is a decision for the Leadership Board, based on recommendations from the Committee as appropriate.
- 3.26 The Committee noted the provision for co-opted members and that it was helpful to be able to bring in expertise on specific issues for a short period of time however, this may be more effectively achieved by inviting experts into the meeting (or to a series of meetings if necessary) and that there was no need for those people to be co-opted.

### Work Programme and Member Referrals

- 3.27 The current NECA arrangements for the Committee enable any member of the constituent local authorities to be entitled to give notice to the proper officer for an item to be included in the work programme for discussion at a future meeting of the Committee.
- 3.28 The new Order retains this provision for any member of constituent council to refer relevant matters to the Committee. The Combined Authority must make arrangements for such referrals.
- 3.29 The current arrangements and the new regulations require that should the Committee decide not to exercise its powers as set out below, it will notify the member of its decision and the reasons for it.
- 3.30 In addition some issues are excluded from being raised in the Scrutiny Committee, such as matters relating to Policing powers for example, and other issues, particularly local issues, are expected to be more appropriately dealt with at a constituent authority level.
- 3.31 It is for the Committee as a whole to determine the appropriate response when a Member referral is received and the following framework is proposed:-
  1. The Committee may determine that the item is not relevant to the functions of the Committee. In these circumstances the Committee can resolve to take no action or may refer the item elsewhere e.g. to another NECA Committee.
  2. If the issue is linked to an existing work programme item then it should be discussed as part of that item.
  3. If the issue is a new item of business within the remit of the Committee, the Committee may:
    - a. Request a response in writing (with copies to all Members of the Committee) or
    - b. Request a presentation to a future meeting, or
    - c. Request a report to a future meeting or

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- d. Decide that the issue raised does not merit any response beyond noting the matter or
- e. Decide to express a view or make a recommendation, by resolving accordingly, if the Committee considers it has sufficient information to make a fully informed decision.

### Call-in

- 3.32 The 2014 Order did not make provision for Call-in of decisions. The 2016 Order does now make provision for Call-in and Call-in may be sought by members of the Scrutiny Committee.
- 3.33 Whether to accept the Call-in and direct that the decision affected is not implemented until review by the Committee is concluded is a matter for the Scrutiny Committee. In practical terms, it is proposed that this responsibility be exercised by a sub-committee of the Committee for the purposes of efficiency and timeliness.
- 3.34 The Order provides for:-
- a) Any direction from the Committee that a decision is not to be implemented while it is under review by the Committee (Called-in) may have effect for a period not exceeding 14 days. After that period has elapsed a decision may be implemented regardless of an outstanding Call-in
  - b) Where following review of the decision by the Committee a recommendation is made that the decision is reconsidered in the light of the comments of the Committee the decision subject to the Call-in must be reconsidered no later than 10 days after the date on which the recommendations of the Committee were received
- 3.35 The Call-in procedure will relate to all decisions taken by the Leadership Board, decision making by Committees and Joint Committees established by the NECA and decision making delegated to Officers.
- 3.36 All decisions of the NECA will be made in accordance with the following principles:
- a) Proportionality (meaning that the action must be proportionate to the desired outcome)
  - b) Consideration of professional advice from officers.
  - c) Due consultation
  - d) Consideration of the legal and financial implications
  - e) A presumption in favour of openness
  - f) Consideration of available options and outlining reasons for decisions.
  - g) Respect for human rights
  - h) Promoting equality
  - i) Preventing crime and disorder
  - j) Environment and sustainability

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- k) Risk management
- l) The purposes of the Constitution

### Proposed Procedure for Call-in

- 3.37 When a decision is made, the decision will be published, normally within three working days of being made. Members of the Scrutiny Committee will be sent copies of the records of all such decisions within the same timescale, by the person responsible for publishing the decision. The notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of five working days after the publication of the decision, unless the decision is subject to Call-in.
- 3.38 Any four members of the Scrutiny Committee may request the Call-in of a decision. The request for a Call-in must be submitted to the Monitoring Officer. The request for a Call-in must explain the reasons for the Call-in and why the members consider that the principles of decision-making as set out in the Constitution have not been satisfied. The Monitoring Officer will review the Call-in by confirming to their satisfaction that the procedural requirements have been complied with before the Call-in request can be progressed further.
- 3.39 In order to facilitate a timely outcome to the Call-in request, the Committee will set up a Call-In Sub-Committee in order to proceed with the consideration of the decision within the time periods set out by the Order. The sub-committee will meet as and when required to consider valid requests to Call-in a decision.
- 3.40 The Call-in Sub-Committee will comprise 7 members of the Committee appointed to reflect the political balance of the Committee. If the Chair (and Vice Chair) is to be an Appropriate Person the membership of the sub committee will include the Chair (or Vice-Chair) and one member from each authority not already represented. The sub-committee would not include the members who had sought the Call-in of the decision. If the Chair (and Vice Chair) are Independent Persons the sub committee will comprise the 7 members in addition to either the Chair or Vice Chair as above.
- 3.41 The Monitoring Officer, in consultation with the Chair, will call a meeting of the sub-committee with a period not exceeding 14 days from the date of the direction. The agenda will include a copy of the report, the minute of the decision and the reasons given for the Call-in.
- 3.42 Following consideration of the issues the sub-committee may come to one of two possible conclusions:
- i) That the decision is appropriate and therefore should be implemented without further delay;
  - ii) That the Committee has concerns and considers that the decision should be reviewed by the decision maker for reconsideration (When referring the decision back the sub-committee shall set out its concerns in writing for the decision maker to take account on their reconsideration).

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### Call-in and Urgency

- 3.43 The Call-in procedure shall not apply where the decision being taken is urgent.
- 3.44 A decision will be urgent if any delay likely to be caused by the call-in process would seriously prejudice the interests of the NECA. The record of the decision and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in. The Chair of the Committee must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. In the absence of the Chair, the vice-Chair's consent shall be required. In the absence of both, the Head of Paid Service or his/her nominee's consent shall be required.
- 3.45 The arrangements for exercising call-in powers must be published by the Committee, but the consent of the Leadership Board, must be given to the publication of the proposed arrangements.
- 3.46 The Committee proposed that the procedure for call-in be endorsed including call-in by four members of the Committee, valid call-ins to be heard by a call-in sub-committee, terms of reference to be drafted for the sub-committee, membership of the sub-committee to be appointed as and when a valid call-in is submitted, and clear guidance to be given on the validity of call-ins.
- 3.47 The relevant sections of a revised Constitution are included in Appendix 1 to this report including a description of the powers conferred on the Committee for Call-in, and reflecting in italics the option for the appointment of an Independent Chair and Vice Chair which would be incorporated if this option for Chairing arrangements is agreed by the Leadership Board.

### Support for Scrutiny

- 3.48 The legislation requiring a Local Authority to appoint a Scrutiny Officer does not currently apply to Combined Authorities. However, the 2016 Order imposes the requirement to designate one of its officers as the Scrutiny Officer.
- 3.49 The Scrutiny Officer will be responsible for promoting the role of the Committee, providing support and guidance to the Committee and providing support to the members of NECA in relation to the functions of the Committee.
- 3.50 NECA may not designate as the Scrutiny Officer any officer of a Constituent Authority.
- 3.51 In the current arrangement, and since the start of the NECA, scrutiny support has been provided by the Chair's local authority. The scrutiny officer then coordinates support across the other scrutiny teams to ensure that all scrutiny

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members are appropriately supported. This arrangement will not be able to continue from May 2017 and a new post will be required to fulfil this responsibility.

- 3.52 The Committee noted the requirements for the appointment of a scrutiny officer by the Combined Authority but felt this was more appropriate to a Mayoral Combined Authority with the use of devolved funding, and that the Committee should be able to determine its own support arrangements drawing on the experience of the constituent authorities' scrutiny officers as this had worked well since the Committee's inception in 2014. The Committee requested that they be provided with information on the future support arrangements for the Committee.

### **4. Governance Committee**

- 4.1 NECA has a Governance Committee which undertakes the roles of both audit and standards committees. The Order makes for provisions relating to audit responsibilities which impacts on the operation of the Governance Committee as a whole, however there is nothing in the Order to prevent the Committee from continuing to combine audit and standards work.
- 4.2 Under the provision of the Order, the Governance Committee is required to appoint at least one independent person, however the current NECA arrangements already provide for the appointment of two independent persons.
- 4.3 Currently, there is no requirement for political balance on the Governance Committee however the new Order requires that the appointment of members reflects a regional political balance.
- 4.4 The quorum is also required under the Order to be 2/3 of the membership which NECA already applies.

### **5. The Forward Plan**

- 5.1 NECA currently publishes a Forward Plan on a voluntary basis as it is good practice. The 2016 Order will require NECA to publish a Forward Plan for what are "key decisions". A key decision is defined as :-
- Likely to result in incurring expenditure or the making of significant savings for the service or function to which the decision relates; or
  - To be significant in terms of its effects on persons living or working in an area comprising of two or more wards or electoral divisions within the NECA area.
- 5.2 As a result most, if not all, of the decisions to be taken by a decision-making body within NECA will be a "key decision". The criterion to determine whether a matter is a key decision is the responsibility of the Scrutiny Committee.

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- 5.3 The Chair of the Scrutiny Committee has a role where a Key Decision is omitted from the Forward Plan when it is published. Provided this is remedied at least 5 clear days before the Committee the Scrutiny Chair must simply be notified. However where an urgent decision is required the Chair of the Scrutiny Committee must consent to the decision being taken.

### **6. Recommendation**

- 6.1 The 2016 Order makes some key enhancements to the role of Overview and Scrutiny in NECA and agreement of the Leadership Board is required in relation to the recommendations in readiness for implementation on 8 May 2017.

### **7. Potential Impact on Objectives**

- 7.1 Implementation of the requirements of the Order will contribute towards the further development of a robust Scrutiny Committee and the review and scrutiny of the policy framework of the NECA, Nexus and NELEP as well as providing appropriate challenge to decisions taken.

### **8. Next Steps**

- 8.1 Subject to the agreement of the Leadership Board the arrangements for Call-in of decisions will be published on the Authority's website. In addition the amendments to the Constitution will be incorporated and published on the website, the Call-in arrangements and Constitutional changes will be effected when the Order comes into force on 8 May 2017. In the meantime should the Leadership Board agree that the Chair (and Vice Chair) will be Independent Persons appropriate steps will be taken to advertise the role(s) and identify suitable candidates. Proposed appointments to the Chair and Vice Chair roles will be subject to the agreement of the Leadership Board. The recruitment of a Scrutiny Officer will also be progressed.

### **9. Finance and Other Resources**

- 9.1 The budget for scrutiny activity for 2017/18 is £11,500. It was expected that this budget would need to be increased once the details of the additional costs to implement the new arrangements are known. The increased cost is not expected to be substantial, and would be found by a transfer from the general contingency within the budget. This change would be reported and approved as part of the first review of the Revenue Budget by the Leadership Board.

### **10. Legal**

- 10.1 The legal implications of the requirements of the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 are set out in the main body of the report. The

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arrangements for Call-in are a responsibility of the Scrutiny Committee to identify; the Call-in arrangements must be published but the Leadership Board is required to consent to the publication.

Amendments to the Constitution are a matter for the Leadership Board to agree. Proposed amendments are attached for agreement by the Leadership Board as the changes required by the Order come into effect on 8 May 2017. The Constitution which is subject to an annual review will be subject to a further report at the Annual Meeting of NECA which is to take place on 20 June 2017.

### **11. Other Considerations**

#### **11.1 Consultation/Community Engagement**

The NECA Scrutiny Committee has been consulted on the impact of the new Order and the report contains the views of the Committee on the changes required. The Leaders and Elected Mayor have also been consulted on the implications of the Order.

#### **11.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **11.3 Equalities and Diversity**

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

#### **11.4 Risk Management**

Not applicable

#### **11.5 Crime and Disorder**

Not applicable

#### **11.6 Environment and Sustainability**

Not applicable

### **12. Background Documents**

#### **12.1 Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016**

Report to Scrutiny Committee “Rules and Procedure for the Overview and Scrutiny Committee” 14 February 2017

### **13. Links to the Local Transport Plans**

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13.1 Not applicable

### **14. Appendices**

14.1 Appendix 1 NECA Constitution – revised Scrutiny Procedure Rules

### **15. Contact Officers**

15.1 Karen Brown, Scrutiny Officer [karen.brown@sunderland.gov.uk](mailto:karen.brown@sunderland.gov.uk)

### **16. Sign off**

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

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**The Durham, Gateshead,  
Newcastle upon Tyne,  
North Tyneside, Northumberland, South  
Tyneside and Sunderland**

**Combined Authority**

**Constitution**

**Extract**

**Part 3 Responsibility for Functions**

**3.9 Overview and Scrutiny Committee**

**Part 4 Rules of Procedure**

**4.3 Overview and Scrutiny Committee**

## Responsibility for Function

### 3.9 Overview and Scrutiny Committee

Membership 14 (Two Members from each constituent authority who are not Members of the Leadership Board)

Also: 2 *Non-voting Independent Members who will act as Chair and Vice Chair.*

Quorum 10 (*not including the independent members*)

Effective scrutiny arrangements are an essential component of local democracy, enhancing accountability and transparency of decision making and enabling local councillors to represent the views of their constituents. These arrangements have been established to enable local councillors, on behalf of their communities, to scrutinise and challenge the Leadership Board, the TNEC, EDRAB and Nexus, and to investigate matters of strategic importance to residents within the Combined Area covered by the Constituent Authorities with a view to influencing the decisions.

The Overview and Scrutiny Committee can:

1. Review and scrutinise the decisions made or other action taken by the Leadership Board in connection with the discharge of their functions.
2. Review or scrutinise a decision made in connection with the discharge of any functions which are the responsibility of the Leadership Board which have not been implemented and recommend that the decision be reconsidered by the Leadership Board.
3. Review and scrutinise major and strategic decisions of the TNEC which are taken by the TNEC in connection with the discharge of its functions.
4. Make reports or recommendations to the Leadership Board and TNEC on the discharge of these functions.
5. Review and scrutinise the Leadership Board's initial and final proposals in respect of plans and strategies falling within the Budget and Policy Framework, in accordance with the Budget and Policy Framework Rules of Procedure (see Part 4.4).
6. Establish a Call-in Sub-Committee to exercise call-in powers and consider decisions taken but not implemented (See Rule 22 for of the Overview and Scrutiny Procedure Rules for information about the process for calling-in decisions.)
7. Investigate matters of strategic importance to residents of the Constituent Authorities and make reports with evidence based recommendations to the Leadership Board or the TNEC as appropriate;
8. Review the performance of the Leadership Board against objectives within the Combined Area's Strategy.

9. Facilitate the exchange of information about the work of the Leadership Board and the TNEC and to share information and outcomes from reviews.
10. The role of these arrangements in relation to the Nexus will include:
  - a) Review and scrutiny of the Nexus delivery of transport services against the Local Transport Plan and to make recommendations for improvement and/or changes; and
  - b) Obtaining explanations from Nexus regarding its delivery of transport services.

#### **4. Proceedings**

The Overview and Scrutiny Committee will conduct their proceedings in accordance with Part 4.3 Overview and Scrutiny Committee Rules of Procedure.

## **Part 4.3 Overview and Scrutiny Committee Rules of Procedure**

Subject to the provisions of any specific legislation and/or regulations relating to their operation, the Overview and Scrutiny Committee will conduct their proceedings in accordance with the following procedure rules.

References in these arrangements to major and strategic decisions of the TNEC taken in accordance with the delegations set out in Part 3 of this Constitution include major and strategic decisions taken by sub-committees of TNEC in accordance with such delegations.

### **1. Membership**

Any Member of the Constituent Authorities may serve as a member of the Overview and Scrutiny Committee unless they are specifically excluded. Membership of the Committee is determined by the Leadership Board and will be appointed annually, usually at the Annual Meeting.

Any elected member appointed to the Overview and Scrutiny Committee cannot also be appointed to any committee or sub-committee of the Authority.

### **2. Co-opted Members**

The appointment of co-opted Members is a matter reserved to the Leadership Board. The Overview and Scrutiny Committee can make recommendations to the Leadership Board on the appointment of co-opted members to the Committee itself and/or any of its sub-committees. In making such recommendations to the Leadership Board the Committee will specify the term of office to be applied in each case. The term of office for any appointed co-opted Member can only be extended with the express approval of the Leadership Board. Co-opted Members appointed by the Leadership Board can attend and speak at meetings of the Committee or sub-committee to which they are appointed but cannot vote.

### **3. Meetings**

Meetings for the carrying out of general business shall be held in each year at the times and on the dates fixed at the Authority' Annual Meeting. Notice of meetings will be given to the public.

### **4. Extraordinary Meetings**

Extraordinary meetings of the Overview and Scrutiny Committee may be called, where possible following consultation with the Chair and Vice Chair, where it is considered necessary or appropriate or at the request of the Chair and Vice Chair or any four Members of the Committee.

Other than in exceptional circumstances, the time of commencement of extraordinary meetings should be the same as for ordinary meetings.

No item of business may be conducted at an extraordinary meeting of the Leadership Board other than that specified in the resolution, request or requisition which led to it being called.

## **5. Summons**

The Monitoring Officer, where possible in consultation with the Chair and Vice Chair, will determine the agenda for meetings of the committee.

At least five clear working days before a meeting, an agenda will be sent to every member of the committee to their usual place of residence (or such other address as has been notified).

The agenda will give the date, time and place of each meeting and specify the order of the business to be transacted, and will be accompanied by such reports as are available.

Urgent reports on items of business may only be added to the agenda if the reasons for urgency can be sufficiently justified and the approval of the Chair of the Committee has been given. The reasons for urgency will be recorded in the minutes of the meeting.

Any matters referred to the committee by the Leadership Board or any of its committees will be placed on the agenda for the next available meeting of the committee. The committee will, at that meeting, determine the method and timetable for responding to any such referrals.

## **6. Chair**

Two minority party members from the political balance prevailing at the time will fulfil the roles of Chair and Vice Chair of the Scrutiny Committee and will be appointed by the Leadership Board.

**Or**

*Two Independent Members will fulfil the roles of Chair and Vice Chair of the Scrutiny Committee and will be appointed by the Leadership Board.*

## **7. Quorum**

A meeting of the Committee cannot begin until a quorum is present. The quorum for the Overview and Scrutiny Committee is 10, *not including any independent members.*

If a quorum is not reached 15 minutes after the time appointed for the start of the meeting, the meeting will be reconvened on another date.

During any meeting if the Chair counts the number of Members present and declares there is not a quorum present, then the meeting will adjourn immediately.

Remaining business will be considered at a time and date fixed by the Chair. If the Chair does not fix a date, the remaining business will be considered at the next ordinary meeting.

## **8. Duration**

At any meeting which has sat continuously for three hours and a half hours, the Chair shall have discretion to adjourn the meeting for a short period of time unless the

majority of Members present, by vote, determine it shall stand adjourned to another day. The date and time of which shall be determined by the Chair.

## **9. Declaration of Interests in Meetings**

Where a Member attends a meeting of the Overview and Scrutiny Committee they must declare registerable and non-registerable personal interests as defined in the Members' Code of Conduct either at the start of the meeting, or otherwise as soon as the interest becomes apparent in the course of the meeting.

In addition, where in relation to any meeting a Member has declared a registerable or non-registerable personal interest in a matter, and the criteria contained in paragraph 17 of the Members' Code of Conduct apply, the Member must leave the room for the duration of the discussion on that matter.

## **10. Disturbance**

No member of the public shall interrupt or take part in the proceedings of any meeting. If any member of the public interrupts or takes part in the proceedings at any meeting, the Chair shall warn him/her and if he/she continues the interruption the Chair shall order his/her removal.

## **11. Order of Business**

The Overview and Scrutiny Committee on a motion duly seconded and carried without debate, or on motion by the Chair, which shall not require to be seconded, may vary the order of business as set out on the agenda.

## **12. Voting**

Subject to the provisions of any enactment the Overview and Scrutiny Committee will aim to reach a consensus. If exceptionally it is not possible to reach consensus on any matter on which it is necessary to reach a decision, the matter will be put to a vote which will be decided upon by a simple majority of the members of the committee present and voting at the time the question was put.

The method of voting shall be by show of hands. In the event of an equality of votes, the Chair will have a second or casting vote.

Where any member of the committee requests it immediately after the vote is taken, their vote will be so recorded in the minutes to show whether they voted for or against the motion or abstained from voting.

If there are more than two people nominated for any position to be filled and there is not a clear majority of votes in favour of one person, then the name of the person with the least number of votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.

## **13. Minutes**

The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes must be limited to their accuracy.

Where in relation to any meeting, the next meeting for the purpose of signing the minutes is a meeting called under paragraph 3 of schedule 12 to the Local Government Act 1972 (an Extraordinary Meeting), then the next following meeting (being a meeting called otherwise than under that paragraph) will be treated as a suitable meeting for the purposes of paragraph 41(1) and (2) of schedule 12 relating to signing of minutes.

The effect of this is that minutes will not be submitted for approval to an extraordinary meeting.

#### **14. Exclusion of Public**

Members of the public and press may only be excluded either in accordance with the Access to Information paragraph of the Leadership Board Rules of Procedure (paragraph 8, Part 4.1) or when causing a disturbance.

#### **15. Attendance by Members and officers**

The Overview and Scrutiny Committee may invite to a meeting any Member, co-opted Member, and others to assist the Committee in its work.

Under normal circumstances where it is felt that the attendance of a particular Member, officer, officer of Nexus or other delivery bodies or stakeholders and members of the public, would assist the Committee in its work then they will be invited to attend or submit written information. In such circumstances, the person/organisation concerned should be given at least 5 working days' notice of the date and time of the meeting and the nature of the business to be discussed. In circumstances where it is not possible to give 5 working days' notice, contact should be made at the earliest opportunity with the Member or officer concerned to establish their availability.

Where a member of the Leadership Board or officer who has been invited to a meeting is not able to attend, then the Committee will consider whether or not to defer consideration of the matter to enable the Member or officer to be present.

#### **16. Specialist Advisers**

The appointment of specialist advisers to any committee, sub-committee or joint committee is a matter reserved to the Leadership Board. The Overview and Scrutiny Committee can make requests to the Leadership Board for the appointment of a specialist adviser. In making such requests to the Leadership Board, the Committee will specify the term of the appointment and their reasons for the request.

#### **17. Reports of recommendations from Overview and Scrutiny Committee**

Where Overview and Scrutiny Committee makes a report or recommendation the committee may:

- a) publish the reports or recommendations.
- b) by notice require in writing the Leadership Board to consider the report or recommendations and respond to them indicating what (if any) action the Leadership Board proposes to take within two months of receipt of the report or recommendations;

- c) and if the report was published, publish the response.

## **18. Involvement in the work of the Committee by the public, etc.**

The Authority is committed to the involvement of the public and others in the work of the Overview and Scrutiny Committee.

Where members of the public and/or others have had an active role in the work of the Overview and Scrutiny Committee such involvement will be properly acknowledged. In addition, where this involvement has contributed to a particular study or examination, then the individuals and/or organisations concerned will be informed of any resulting conclusions and/or recommendations.

## **19. Work Programme**

At its first meeting of the year, the Overview and Scrutiny Committee will:

- a) determine the areas of review and scrutiny that they wish to pursue during the ensuing 12 months.
- b) agree to establish Scrutiny Groups from amongst their number in order to carry out agreed areas of review and scrutiny.

The Constituent Authorities will work together to maximise the exchange of information and views, to minimise bureaucracy and make best use of the time of members and officers of other bodies or agencies.

Any member of the constituent local authorities shall be entitled to give notice to the proper officer that he/she wishes an item relevant to the functions of the committee to be included in the work programme for discussion at a future meeting of the Committee.

The Scrutiny Committee shall respond, as soon as their work programme permits, to requests from the members of constituent councils and if it considers it appropriate the Leadership Board, to review particular areas of Combined Authority activity. Where they do so, the Scrutiny Committee shall report their findings and any recommendations back to the Leadership Board.

Members of the Overview and Scrutiny Committee will use the following framework when considering referrals to the scrutiny committee:-

1. The Scrutiny Committee may determine that the item is not relevant to the functions of the Scrutiny Committee or duplicates the work of another body or agency. In these circumstances the Committee can resolve to take no action or that the issue is more appropriately dealt with by one of the Constituent Authorities. or may refer the item elsewhere e.g. to another NECA committee.
2. That the issue is linked to an existing work programme item then it should be discussed as part of that item.
3. If the issue is a new item of business within the remit of the Committee, the Scrutiny Committee may:

- a. Request a response in writing (with copies to all Members of the Scrutiny Committee) or
- b. Request a presentation to a future Scrutiny Committee, or
- c. Request a report to a future Scrutiny Committee or
- d. Decide that the issue raised does not merit any response beyond noting the matter or
- e. Decide to express a view or make a recommendation, by resolving accordingly, if the Committee considers it has sufficient information to make a fully informed decision.

## **20. Scrutiny Groups**

In appointing Scrutiny Groups the Overview and Scrutiny Committee will:

- a) have regard to the approved work programme and advice from relevant officers on the overall capacity of the Authority to support such studies;
- b) determine the remit for each sub group who will be bound by the terms of that remit;
- c) determine the membership of the sub group to be drawn from the membership of the committee or sub-committee;
- d) consider and either approve, amend or reject any reports and recommendations made by a sub group for submission to the Leadership Board, an individual or outside organisation as appropriate.

The arrangements for the attendance of the Leadership Board and/or officers of the Authority applicable for meetings of the Overview and Scrutiny Committee will also apply to sub groups.

Sub groups may seek the assistance of Members and officers of the Authority and/or outside organisations and individuals.

## **21. Linking Sub-regional Scrutiny with Local Scrutiny**

The Scrutiny Officer of each Constituent Authority will ensure that the work programmes and minutes relating to the work carried out by the Overview and Scrutiny Committee in scrutinising the Leadership Board, TNEC, TWSC and Nexus are circulated appropriately within their own Constituent Authorities scrutiny arrangements.

## **22. Call-in**

The Overview and Scrutiny Committee has the power to call-in decisions made but not yet implemented. The Committee will delegate this authority to a call-in sub-committee comprising a panel of 7 Members drawn from the Scrutiny Committee (or substitutes) with a representative Member from each of the Constituent Authorities *and in addition the independent Chair (or Vice-Chair)*. The purpose of

call-in is to consider whether to recommend that a decision be reviewed by the decision taker. Call-in should only be used in exceptional circumstances. These are where members of the Committee have evidence which suggests that the decision was not taken in accordance with the principles of decision making. It cannot be used in respect of day-to-day management and operational decisions.

- (a) When a decision is taken by the Leadership Board, the TNEC, a committee of the Leadership Board, or an officer with delegated authority, the decision shall be published and shall be available normally within three working days of being made. Members of the Committee will be sent copies of the records of all such decisions by the person responsible for publishing the decision.
- (b) That notice will bear the date on which it is published and will specify that the decision will come into force, and may then be implemented, on the expiry of five working days after the publication of the decision, unless the Committee directs that it should be called in.
- (c) During that period, the monitoring officer shall call-in a decision for scrutiny by the Committee if so requested by any four members of the committee, and shall then notify the decision-taker of the call-in. He/she shall call a meeting of the call-in sub-committee on such date as he/she may determine, where possible after consultation with the Chair of the Committee, and in any case within a period not exceeding 14 days of the decision to call-in.
- (d) If, having considered the decision, the Committee is still concerned about it, then it may refer it back to the decision making person or body for reconsideration, setting out in writing the nature of its concerns. If referred to the decision maker they shall hold a meeting to reconsider the decision no later than 10 days after the recommendation from the Committee is received.
- (e) If following a direction to call-in the decision, the Committee does not meet in the period set out above, or does meet but does not refer the matter back to the decision making person or body, the decision shall take effect on the expiry of 14 days.
- (f) The decision making body or person shall choose whether to amend the decision or not before reaching a final decision and implementing it.

### **Exceptions**

- (g) In order to ensure that call-in does not cause unreasonable delay, certain limitations are placed on its use. These are:
  - i) That the Committee may only call-in four decisions per year.
  - ii) Once a member has signed a request for call-in he/she may not do so again until a period of 3 months has expired.

### **Call-in and Urgency**

- (h) The call-in procedure set out above shall not apply where the decision being taken is urgent. A decision will be urgent if any delay likely to be

caused by the call-in process would seriously prejudice the NECA or the public's interests. The record of the decision and notice by which it is made public shall state whether in the opinion of the decision making person or body, the decision is an urgent one, and therefore not subject to call-in. The Chair of the Overview and Scrutiny Committee must agree both that the decision proposed is reasonable in all the circumstances and to it being treated as a matter of urgency. In the absence of the Chair, the Vice-Chair's consent shall be required. In the absence of both, the head of paid service or his/her nominee's consent shall be required.

- (i) The operation of the provisions relating to call-in and urgency shall be monitored annually, and a report submitted to the Leadership Board with proposals for review if necessary.

## North East Combined Authority Leadership Board

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**DATE:** 21 March 2017

**SUBJECT:** Overview and Scrutiny Committee Policy Review:  
Transport related barriers to education, employment  
and training

**REPORT OF:** Lead Chief Executive for Transport

### EXECUTIVE SUMMARY

This report summarises and comments on the 2015/16 Policy Review undertaken by the NECA Overview and Scrutiny Committee into transport-related barriers to education, employment and training.

### RECOMMENDATIONS

It is recommended that the Board

- a) consider the recommendations proposed by the Overview and Scrutiny Committee following a review of policy
- b) Respond to the Overview and Scrutiny Committee as set out in Appendix 4

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### **1. Background Information**

- 1.1 The Policy Review originated from an Overview and Scrutiny Committee work programme planning meeting in September 2014, at which Committee Members raised a number of issues emerging from their wards. These issues included the availability and affordability of transport to work and education. It was intended that the results of the Policy Review would feed into the Transport Plan for the North East which is currently in preparation.
- 1.2 An inquiry was therefore begun, with the following terms of reference:
  - a) An assessment of current transport projects to help people get to interviews, jobs, training etc.
  - b) The potential impact of future spending cuts and how to maintain accessibility of public transport
  - c) An assessment of the different problems across the NECA area, e.g. the particular needs of rural areas.
- 1.3 A Call for Evidence was issued, inviting individuals and organisations to submit written evidence to the Committee. General comments were invited and, additionally, specific questions were posed as follows:
  - a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)
  - b) The availability of public transport and the extent to which it is adequate to access employment sites
  - c) What alternative transport approaches could be considered to support people being actively engaged in work?
- 1.4 Written and oral evidence was gathered between June 2015 and September 2016. A total of 40 responses were received from a range of training providers/educational establishments, members of the public, travel advisors, voluntary groups and transport providers within the NECA area. Some of those who submitted evidence were invited to address the Committee.

### **2. Call for evidence findings**

- 2.1 Appendices 1 – 3 to this Report comprise the report to December 2016 Overview and Scrutiny Committee, and the two Appendices that accompanied that report. Section 3.2 of that report states that five problems in particular were apparent from the responses to the Call for Evidence:
  - a) The cost of public transport can be a disincentive to take up employment and widen horizons for employment opportunities
  - b) Accessibility of transport, for example, people in rural areas without access to a car face particular difficulties and reductions in weekend and evening services makes it difficult for those working outside of the core working week.
  - c) Changing working patterns beyond the traditional core working hours.
  - d) The location of out of town employment sites can cause difficulties for those using public transport

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- e) The lack of an integrated transport network and coordination across services leads to complex and uncoordinated services for commuters.

### 3. Overview and Scrutiny Committee recommendations and comments thereon

3.1 Four recommendations were made by the Overview and Scrutiny Committee in their report. These are listed below, with comments in italics.

- 3.2 a) The Scrutiny Committee fully supports young people's concessionary travel to reduce the cost of travel for 16-19 year olds, and welcomes the opportunity to contribute to the NECA Task & Finish Group Review.

*Comment:*

*The support for the TNEC Task & Finish group, that has been established to investigate transport cost issues faced by young people, is welcomed, including the nomination of Councillor Eagle to be part of the group. The Transport Manifesto states that transport should be affordable and this theme is continued in the draft Transport Plan.*

- b) The Committee welcomes improvements to the ticketing system and urges further action to ensure: i) the system does not penalise passengers who need to change between buses or from buses to other types of transport; ii) access to work places and timetables should meet the needs of workers and the need for onward connections.

*Comment:*

- (i) *The North East Smart Travel Initiative (NESTI) has been progressing this issue successfully. As a result, Pop Pay As You Go can now be used as payment on the majority of services provided by the three major bus operators (Arriva, Go North East and Stagecoach); on Metro (with a daily price cap); the Shields Ferry; and a range of small operators, including the Park and Ride service in Durham. This means that passengers with Pop Cards can use the same card for each leg of their public transport journey without having to pay cash each time, although it should be noted that bus operators have not yet agreed to offer a price cap in the way that Metro does. Uptake of Pop Cards has increased sharply since Pop Pay As You Go Cards became available on-line. Again, the Transport Manifesto (in response to consultation replies) includes a theme that transport should be integrated and this too is expanded upon in the draft Transport Plan.*

- (ii) *The comments from the Call for Evidence about the difficulty of accessing employment locations which are away from the public transport network, and of getting to work at shift times, are noted. This point is also already reflected in the Transport Manifesto; one of its themes is that transport should be accessible in terms of running*

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*as near as possible to where people live and want to travel to. The draft Transport Plan deals with this in more detail.*

- c) The Committee urges continued efforts to deliver improvements to the walking and cycling network whenever the opportunity arises, and to promote the use of cycle paths as an alternative form of transportation focusing on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage and pavements, providing an environment around transport facilities that feels safe and secure.

*Comment:*

*The Transport Manifesto has a specific section devoted to Walking and another one on Cycling. These two topics are extensively covered in the draft Transport Plan.*

*The North East Combined Authority and all seven Councils are fully committed to promoting walking and cycling, including investing in walking and cycling infrastructure wherever possible. For example, North Tyneside Council's "Preston Grange (A191 Rake Lane) cycling and walking improvements" project sought to provide a convenient cycling and walking route which would support active travel to local schools, encourage cycling to work and improve links in North Tyneside's cycling and walking network. The project was funded from various sources including the Government's Linking Places Fund, regional Go Smarter School Links funding, and developer funding from a neighbouring sports pavilion development.*

*Disappointingly, however, the region's "Access Fund" bid, intended to help maintain the NECA-wide Go Smarter programme, has been declined for funding by the Department for Transport. This will hamper our plans to promote sustainable travel alternatives for journeys to schools and workplaces and means that a number of existing successful initiatives may have to be ended due to lack of further funding.*

*The implications of this announcement are currently being evaluated by officers and a report will be produced for the 20<sup>th</sup> April meeting of Transport North East Committee advising Members of the anticipated consequences for this region.*

- d) The Committee recognises the prospect of some people being disadvantaged and cut off from prosperity and opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

*Comment:*

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*Public transport's role in enabling access to essential facilities, including education, training and employment, without the need to use a car, is noted. The particular needs of isolated communities, especially rural areas, in this regard are also noted. As stated above, the Transport Manifesto includes a theme on the Accessibility of transport, and the section on bus services sets out the intention to have "good network coverage reflecting local needs including in rural areas". Again, the question of how to ensure an effective public transport network is covered extensively in the draft Transport Plan, which includes sections on the needs of rural areas.*

### **4. Conclusions and Next Steps**

- 4.1 As shown in Appendix 1, the Overview and Scrutiny Committee report stated that "the evidence and conclusions from the policy review will be submitted to the Transport North East Committee for advice and comment, and then to the Leadership Board as part of the development of the Transport Plan for the North East." The evidence and conclusions were accordingly reported to, and noted by, the meeting of Transport North East Committee on 9<sup>th</sup> February.
- 4.2 The Overview and Scrutiny Committee report is therefore to be welcomed, as it highlights some of the issues that were identified in the Transport Manifesto and will be expanded upon in the draft Transport Plan. The evidence and conclusions from the policy review can accordingly be incorporated in a future draft of the Transport Plan.
- 4.3 It is therefore recommended that the Board
  - a) consider the recommendations proposed by the Overview and Scrutiny Committee following a review of policy.
  - b) Respond to the Overview and Scrutiny Committee as set out in Appendix 4

### **5. Impact on objectives**

- 5.1 Reducing transport-related barriers to employment will assist the North East Combined Authority in delivering its objective to maximise the area's opportunities and potential.

### **6. Finance and Other Resources**

- 6.1 There are no direct finance implications arising from this report at this time. Any implication that emerge as a result of future discussions would be subject to consideration and approval under the normal budget approval process.

### **7. Legal**

- 7.1 There are no direct legal implications arising from this report

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### **8. Other Considerations**

#### **8.1 Consultation/Community Engagement**

A call for evidence was carried out as part of the policy review described in this report

#### **8.2 Human Rights**

There are no specific human rights implications arising from this report.

#### **8.3 Equalities and Diversity**

Measures to overcome transport-related barriers to employment would, if implemented, assist the Combined Authority in promoting greater equalities and diversity in the region's transport system.

#### **8.4 Risk Management**

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

#### **8.5 Crime and Disorder**

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

#### **8.6 Environment and Sustainability**

Measures to overcome transport-related barriers to employment would, if implemented, assist the Combined Authority in achieving a more sustainable transport system for the region.

### **9. Background Documents**

#### **9.1 None**

### **10. Links to Plans in the Policy Framework**

#### **10.1 This report has a direct link to the forthcoming Transport Plan for the North East**

### **11. Appendices**

#### **11.1 Appendix 1 : North East Combined Authority Overview and Scrutiny Committee Report, 14<sup>th</sup> December 2016 : Policy Review - Transport related barriers to education, employment and training**

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Appendix 2 : Written Evidence Submissions

Appendix 3 : List of witnesses

Appendix 4 : Suggested response from North East Leadership Board to Overview and Scrutiny Committee

**12. Contact Officers:**

12.1 Karen Brown, Scrutiny Officer, 0191 561 1004

[Karen.brown@sunderland.gov.uk](mailto:Karen.brown@sunderland.gov.uk)

**13. Sign off**

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

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## **Appendix 1**

### **Overview and Scrutiny Policy Review**

#### **Transport related barriers to education, employment and training**

##### **1. Introduction**

- 1.1 This review focussed on one central aspect: transport and the provision of access to employment, training and education. The more efficient this access, the greater the economic benefits.
- 1.2 The conclusions are intended to contribute to the Transport Plan for the North East and to focus on how to support delivery of key transport-related priorities for the NECA area.
- 1.3 Barriers in transport provision can prevent people from accessing key local services or activities, such as jobs, learning, healthcare, shopping or leisure. This report is primarily concerned with options for removing the barriers to accessing employment, training and education facilities, including whether transport is available at a reasonable cost, in reasonable time and with reasonable ease.
- 1.4 This report reflects how different barriers impact directly on service users and how this may impact on their ability to take up employment and training.

##### **2. Background**

- 2.1 The Scrutiny Committee took written and oral evidence over an 18 month period. To ensure that a wide range of interested parties could submit evidence to the review, a Call for Evidence was issued inviting stakeholders to submit written evidence to the Scrutiny Committee.
- 2.2 General comments were invited and, additionally, specific questions were posed as follows:
  - (a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)?
  - (b) The availability of public transport and the extent to which it is adequate to access employment sites?

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- (c) What alternative transport approaches could be considered to support people being actively engaged in work?
- 2.3 Access to health services had not been part of the original remit, however, it became clear that access to healthcare was a significant concern for residents and comments were submitted in relation to accessing health services. It is anticipated that this may become more of an issue for patients as health services are re-located, centralised and travel to health providers increasingly requires the crossing of local authority boundaries.
- 3. Findings**
- 3.1 Evidence submitted to the review indicates that transport barriers are most acute for young people, those who live in more isolated areas, and those on low incomes who are particularly reliant on local public transport services yet often find that the cost of fares constitutes a disproportionately high percentage of their expenditure unless they are entitled to some form of concession.
  - 3.2 From the evidence, five problems in particular are apparent:
    - a) The cost of public transport can be a disincentive to take up employment and widen horizons for employment opportunities
    - b) Accessibility of transport, for example, people in rural areas without access to a car face particular difficulties and reductions in weekend and evening services makes it difficult for those working outside of the core working week.
    - c) Changing working patterns beyond the traditional core working hours.
    - d) The location of out of town employment sites can cause difficulties for those using public transport.
    - e) The lack of an integrated transport network and coordination across services leads to complex and uncoordinated services for commuters.

3.3 Cost of Transport

Bus fares have consistently risen faster than inflation for many years. This has a significant effect on those on lower incomes and without access to a car. This restricts where people look for jobs and can impact the level of wages they accept and subsequently any prospective job opportunity. This is particularly the case for jobseekers who may (initially at least) only be able to secure relatively low-paid work so that public transport fares account for a disproportionately high percentage of their expenditure – perhaps to the point where accepting a job ceases to be worthwhile.

Fares setting is still a matter for the individual operators to agree between themselves and that can give rise to anti-competitive behaviours. All of the companies we spoke to described the range of discounts and concessions on offer but these are often only available on their own services.

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For young people, a rise in fares has been exacerbated by the removal of the Education Maintenance Allowance (EMA) which provided a financial resource to 16-18 year olds accessing education or training. A survey of Association of Colleges members in 2011 showed that the impact of ending EMA would be particularly felt in terms of transport.

Many of the discounts and concessions on offer are targeted at young people and this is to be welcomed. Nevertheless, we were informed that in some cases the cost of this travel exceeds £1000 per learner and it is necessary to pay two or even three different transport providers.

It was noted that these matters may be examined in more detail through other work streams. In 2015, the Department for Business Innovation and Skills (BIS) announced that as part of its review of post-16 education and training institutions, it will carry out a series of area-based reviews (ABR). Area-based reviews will take stock of the skills landscape in local areas and ascertain whether the skills provision on offer meets the Government's objectives, which include access to appropriate good quality provision within reasonable travel distances, particularly for 16-19 year olds and students with special educational needs and disabilities. It is expected that all ABR's will be completed by March 2017.

It was further noted that a recent report to the 3<sup>rd</sup> November meeting of Transport North East Committee (TNEC) ("NECA Concessionary Travel") included a section covering the issues faced by young people, highlighting similar concerns to those raised above. It has been agreed that a TNEC 'Task and Finish' group will be established to investigate this and the TNEC report states that: "The work that Overview and Scrutiny Committee has undertaken will be cross-referenced with what is proposed here, and will feed into the proposed 'Task and Finish' group."

Where cost is a barrier, the Committee considered the alternative transport modes that may be available, including an assessment of the impact of the various regional Local Sustainable Transport Fund programmes delivered since 2011-12 (now branded as Go Smarter). Additional funding was awarded in 2015 although it was noted that funding was due to end in 2016. NECA has bid for follow-on funding through the Department for Transport's Access Fund and a decision on this is expected shortly.

The Go Smarter programme includes two schemes specially aimed at helping people access employment or training – a 'Jobseekers Ticketing' scheme that helps jobseekers with the cost of public transport fares and a 'Scooters to Work' scheme that provides low-cost scooter loans for people without access to a car and no available public transport option.

Although there is clear evidence that sustainable transport projects of the kind delivered through the Go Smarter programme are good value for money and

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deliver benefits for public health, accessibility and the local economy, pressures on revenue budgets mean that it is becoming more challenging for local councils to fund schemes of this kind without assistance from external funding sources.

We also heard that Nexus had done much to integrate cycling with Metro travel. More needs to be done to build on this and focus on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage and pavements, providing an environment around transport facilities that feels safe and secure.

### 3.4 Accessibility and network coverage

Evidence to the Committee showed that those in rural areas were more likely to report less frequent and limited access to transport services. Replies from residents of rural communities complained of discontinuation of services, infrequency of service, and residents feeling like they're 'forgotten'.

The Passenger Transport User Group notes in their evidence to Committee "*We've seen a number of marginal changes to bus services over the past years that have all made it more difficult for some people to get to work. The changes have included lessening frequencies or removal of services in some areas covered by the Combined Authority.*"

Rural residents complained of some villages having no bus service or only a weekday service, or of services not fitting in with working patterns (for instance the earliest bus for the nearest town leaving at 9.30 am).

*"It is not possible to travel to work anywhere as the first service is at 9.32 am and there are no public services after 2.30 pm so return from work is impossible".*

*"In order to be in Newcastle at 9am, I must leave Rothbury at 6.39 am. The bus that leaves after that is the 7.39 am, which gets into Newcastle at 9.06am, which is too late for many people who need to be in their offices by 9am."*

*"Even when we had a service it started too late for people to get to work and it stopped before 6 pm so you could not get home."*

There was a strong view amongst people submitting evidence that, while some routes do not make a profit, they serve a valuable community role, either covering isolated areas or reaching people who could otherwise not travel or extending the options for working people.

The Committee notes that policy should include efforts to overcome the prospect of some people being disadvantaged and cut off from prosperity and

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opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

We also know from the evidence submitted that accessibility to health services continues to be a barrier for people relying on public transport. During the course of the review there were announcements by health providers through Sustainability and Transformation Plans (STP) of an intention to change where and how services are delivered, moving further towards a concentration of health services and this will require an appropriate response from transport providers. The Scrutiny Committee notes that there is an opportunity following the recently published Health and Wealth – Closing the Gap in the North East to align with the STP process and an opportunity to achieve better travel options with some travel impact work already having started in some areas through the STP process.

### **3.5 Patterns of work**

In identifying the barriers people face to good accessibility it was noted in evidence that sometimes, when complaints are made that there are no buses, it is likely there are bus services but that the service does not actually get them to where they need to go on time.

*“Work experience at Nissan starts at 7.00 am for a 12 hour shift. The first bus arrives at 7.08”*

Patterns of working are varied with the traditional working day from 9-5 Monday to Friday no longer being applicable for many workers. A combination of out of town business locations, changes in working hours and limited public transport provision outside of peak hours creates a significant barrier for some people when they don't have access to a car.

From a Training Provider *“The trek to the site leading onto Nissan Way is extremely long and there are isolated open areas where there is no protection from the elements. We would request that the bus companies extend the route and at times that service the supply chain and ourselves who are trying to close the skills shortage gap.”*

*I should start work at 8 am but the bus does not get to Newcastle until after 8 am. I have had to ask my employer to adjust my start and finish times to accommodate bus times.*

*“The first bus on a Saturday gets into Newcastle at 8.41 which is no good unless you start at 9 am.”*

*“It is impossible to get work to start at 8 am Saturday or 10 am Sunday.”*

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Whilst the Transport Plan will include policies aimed at increasing public transport use, the Committee notes that significant changes to the bus network which would overcome problems of the kind described above would in most cases require additional revenue funding. This would have to be found at local level, since it is unlikely that such funding will be forthcoming from central government against a background of continuing austerity.

### **3.6 Location of Employment Sites**

Changes in the locations of employment and training sites have meant that they are often in more dispersed locations and on the outskirts of towns and cities, where public transport availability is more limited.

Nexus and bus operators described the efforts they take to provide services to new industrial and office sites. For example Stagecoach has extended some services to Silverlink and Cobalt Business Parks and Go North East has worked with some major employers to stagger start and finish times, helping to spread the effect of peak hour congestion at some known pinch points on the road network. However, it was noted from evidence that at peak times, the roads in these areas are clogged with cars and as a result bus connections are likely to be slow thereby reducing the effectiveness of services. The Committee felt that more should be done to give public transport priority in these areas, particularly at peak time.

Within the Tyne & Wear area the Metro system provides a flexible, convenient option for many commuters and students. A frequent comment from passengers was that it should be a priority to look at extending the Metro system to cover all of the main employment locations.

The Transport Plan is expected to note that new developments in out of town locations, whether residential or business, will increase usage of private cars and carbon emissions, unless the developments concerned can be supported by public transport or planned around the existing public transport network and also linked to good quality cycling and walking routes.

The Committee is concerned that how people will reach key employment sites without a car is often little more than an afterthought in the land-use planning process. Involvement in land-use planning decisions should take place at the earliest stages to look at:

- Locating developments so that they connect to existing public transport networks
- Developing and improving walking and cycling routes to proposed developments

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Through better integrating transport infrastructure within the planning of developments, these measures could pre-empt situations that are very difficult (and costly) to remedy retrospectively.

### **3.7 Co-ordination of transport services**

People submitting evidence to the review complained about a lack of coordination and the complication of using public transport to travel to work even in core working hours. The current arrangement often leaves people having to take more than one bus, run by different operators, in order to get to work, quite often incurring high costs as a result. This acts as a disincentive to work, increases poverty, and discourages people from using public transport networks.

We took evidence about improvements to the ticketing system but more needs to be done to make sure this does not penalise passengers who need to change between buses or from buses to other types of transport. The Pop Pay As You Go Card overcomes the need to pay separately for different stages of a public transport journey. It can be used as follows:

- a) Pop Cards can be purchased on line, at Nexus Travel Shops or from selected Payzone shops
- b) They can be topped up i.e. money put on the card on-line, in a range of ways
- c) They can be used in Durham, Northumberland and Tyne and Wear on most buses, the Metro and the Shields Ferry.

Although a number of specific barriers have been identified in this report and, where possible, some action is being taken to address them, in the longer term it appears likely that additional funding will be needed to fully address the issues that this report has identified.

The Committee notes that much can be achieved within the existing partnership arrangements, but there are clearly situations where the local market is not working as well as it could. We were informed that lobbying had taken place on the Bus Services Bill to widen the existing quality partnership legislation. The amendment, which comes after lobbying to widen the franchising powers, would allow local transport authorities to access the powers under the Bill without going through an onerous permission process. Previously only mayoral combined authorities could automatically opt for a franchise scheme.

It is clear that there are a number of constraints and challenges to utilising the full range of the legislative provisions, and the Committee welcomes the opportunity the Bus Services Bill provides to clarify and improve the options for the north east.

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### **4. Extracts from Written Evidence**

4.1 An Appendix to this report includes a table summarising the written evidence submitted by stakeholders which has been used in compiling the conclusions.

### **5. Conclusions & Recommendations**

5.1 The barriers described in this report can undermine policies to increase use of sustainable transport, achieve growth in employment, to increase participation in education, to access healthcare and participate in social activities.

5.2 The Committee welcomes the measures being taken to achieve the greater co-ordination of transport policies across the NECA area and the potential benefits that will follow. However, the Committee also notes the need for additional revenue funding to solve the kind of transport problems highlighted in this report and the Appendix, and also the need for better co-ordination between planning and transport, to ensure that facilities are located and decisions taken with regard to the need, firstly to cater for people who do not have access to a car and secondly to encourage those who can access a car to switch to more sustainable means of transport.

5.3 All agencies whose policies or decisions have a transport impact should show that the transport dimension has been taken into account. For example, benefits policy needs to take account of people's transport difficulties. Where public services are being reorganised and relocated, access plans to show how those without cars will access these services should be required and relocation/reorganisation should not go ahead unless the access plans have been implemented.

5.4 The Scrutiny Committee makes the following recommendations :

(a) The Scrutiny Committee fully supports young people's concessionary travel to reduce the cost of travel for 16-19 year olds, and welcomes the opportunity to contribute to the NECA Task & Finish Group Review.

(b) The Committee welcomes improvements to the ticketing system and urges further action to ensure: i) the system does not penalise passengers who need to change between buses or from buses to other types of transport; ii) access to work places and timetables should meet the needs of workers and the need for onward connections.

(c) The Committee urges continued efforts to deliver improvements to the walking and cycling network whenever the opportunity arises, and to promote the use of cycle paths as an alternative form of transportation focusing on accessing Metro stations, bus stations and bus stops and the walking routes to employment sites. This needs to include lighting, signage

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and pavements, providing an environment around transport facilities that feels safe and secure.

- (d) The Committee recognises the prospect of some people being disadvantaged and cut off from prosperity and opportunities that most people take for granted, due to transportation issues. Policy should seek to create a vision that no one in the area is seriously disadvantaged by where they live.

### **6. Glossary**

LSTF – The Local Sustainable Transport Fund (the ‘Fund’) was launched in 2010 with two objectives: to grow the economy, and to cut our carbon emissions.

DfT – Department for Transport

EMA – Education Maintenance Allowance

STP – NHS Sustainability and Transformation Plans

ABR – Area Based Reviews of 16-19 Education

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## **Appendix 2**

### **NECA Overview and Scrutiny Committee – Summary of Written Evidence**

A Call for Evidence was intended to provide members of the community the opportunity to submit their views, opinions and experiences. General comments were invited and, additionally, specific questions were posed as follows:

- (a) The accessibility of public transport (i.e. whether people can travel at reasonable cost, in reasonable time and with reasonable ease)?
- (b) The availability of public transport and the extent to which it is adequate to access employment sites?
- (c) What alternative transport approaches could be considered to support people being actively engaged in work?

A summary of the key points is set out below:

Barrier identified by service users	Problems caused for service users	Solution suggested by service users
Cost of Public Transport	Fares have increased at above the rate of inflation for a number of years.  Can be £5 per day for learners Barrier to part time work / those on benefits  Can be cheaper annually to run a car  Travelling across zones adds to cost  Exacerbated by the end of the Educational Maintenance Allowance for young people & lower minimum wages for those on apprenticeships	Clients registered to access concessionary rates on public transport for the days when they are actively involved in the training or placement?  Specific deals are available to college students, apprentices and trainees, and to the lower paid.  Need to replicate Transport for London in NE.  A shared taxi/bus scheme whereby JC+ clients could access empty seats on school buses or taxis at a reasonable rate  Car clubs / cycle hire

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	<p>Approaches which focus on financial support only, can jeopardise retention of participants in training, education or employment once the subsidy ends.</p>	<p>Better cycle and walking links from residential to employment areas</p>
Coordination of services / integration	<p>Bus services are not designed to connect on time to allow a direct transfer</p> <p>Bus companies are 'rivals'</p> <p>Travelling across boundaries very expensive and limits employment opportunities</p> <p>It can be necessary to pay two or even three different transport providers.</p> <p>Metro only services a very small part of the NECA area - multi-modal ticketing has to be an objective for the entire region.</p> <p>Times of metros arriving and buses leaving sites (and vice versa) that don't tally up resulting in longer waits for employees coming into and leaving work.</p> <p>Bus timetables that don't reflect normal working patterns.</p>	<p>One system run by the public sector</p> <p>Transport for London which offers all students under 18 free travel across all London Borough's with a single public transport provider.</p> <p>Smart ticketing for integrated ease of travel, PAYG travel</p> <p>Demand responsive services</p>
Ticketing system	<p>A complex system operates across the NECA area.</p> <p>Free market prevents collaboration between bus</p>	<p>A consistent bus network with a simple ticketing structure</p>

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	<p>companies. Area needs to have the powers that London has.</p> <p>Smart ticketing helps but Nexus can't control the price.</p>	<p>Oyster cards are a good example but reliant on control of the whole network.</p>
	<p>Employment sites are often located close to the strategic road network due to the transportation of goods. As a consequence of this, the staff travel patterns are heavily reliant on the private car. Due to this, Public Transport services are often reduced / limited, as the patronage figures are not viable.</p> <p>Bus stops often located some distance from the workplace or require crossing busy roads.</p> <p>Over one third of Cobalt's workforce live within a 5 mile radius but infrastructure doesn't support cycling option.</p>	<p>Re-locate bus stops</p> <p>Extending bus routes to employment venues</p> <p>Investment in Park and Ride schemes, with free parking is a more sustainable option than temporary alternative travel modes.</p> <p>Demand-led mini bus service that would cover the areas badly served by public buses and could be booked by anyone accessing training or work placements from a range of registered providers.</p> <p>Alternative schemes – cycle, bike etc. but lack of future funding and therefore the sustainability of the schemes developed.</p>
Geographic coverage including rural communities	<p>The crossing of local authority boundaries requires different ticketing, adds to cost and leads to missed connections.</p> <p>Need to look at getting 'one service for all'.</p> <p>Travel from and within rural areas can rule out job opportunities in city centre locations</p>	<p>Re-opening closed lines</p> <p>Community transport</p> <p>Tyne &amp; Wear Metro to be extended via the Leamside Line to Washington to provide better connections with Tyneside to give job opportunities to people in inner city areas</p>

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	<p>There are gaps in coverage, even in populated areas.</p> <p>Low travel horizons among those who are out of work or training</p> <p>Removal of bus services leaves rural areas even more isolated</p> <p>Poor transport links between deprived inner city wards of Newcastle and new areas of employment opportunity in North Tyneside at Cobalt and Silverlink.</p> <p>Poor transport links between West Gateshead areas of Blaydon, Ryton, Chopwell to employment opportunities on Team Valley.</p> <p>Problem of reduced bus services from Wideopen and Seaton Burn to Newcastle because most services now operate limited stop via the A1 bypass.</p>	<p>Businesses promoting community transport to their employees.</p> <p>The Blyth &amp; Tyne rail Line should be reopened to provide faster, easier journeys for job opportunities between Ashington, Blyth and Bedlington with Newcastle</p>
Quality of journey (ease of use, packed carriages, cleanliness, noise, accessibility, safety)	<p>Annual pass - not able to use the barriers as they are not programmed for this type of ticket.</p> <p>Less able-bodied people unable to travel peak times due to crowding</p>	Consultation on carriages currently being carried out

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	<p>Trains are too full during the peak times. People are standing all of the time. People with any physical disability are at a total disadvantage and possibly could not actually get on the train.</p>	
Reliability (punctuality, rolling stock, weather, fire alarms, fault with lines, track problems)	<p>If trains don't run to time table this impacts on my travelling time as I change trains en route. If one train is late or early in leaving or arriving at a station I often miss my connection.</p> <p>Daily problems with Metro reduces confidence levels</p> <p>Announcements on the system are slow and limited. other operators will not accept the tickets already bought for the metro therefore people have to pay twice</p> <p>Less frequent service during holiday periods and different service on weekends but people still have to travel to work</p> <p>No account of peak commuting times in timetabling</p> <p>Infrastructure cannot cope with high demand at peak times</p> <p>If running late, buses miss certain bus stops to catch up</p>	<p>Infrastructure improvements and investment</p> <p>Incorporating other transport modes such a car clubs, cycle hire etc.</p> <p>Better cycle and walking links from residential to employment areas can be cost effective</p>

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	Missed connections	
Communication (informing passengers of delays etc.)	<p>When the system fails in peak hour the links to the other operators are diabolical and the other operators will not accept the tickets already bought for the metro system therefore people have to pay twice.</p> <p>Refunds difficult to receive and complicated</p> <p>Lack of knowledge about public transport services leading to adverse perceptions of journey length and connectivity</p> <p>The general lack of detailed information about the connections that need to be made</p>	<p>Need real-time information</p> <p>Public Transport Information via Smart Phones and other technology streams</p> <p>Social Media Outlets being utilised and harnessed to provide update.</p>
Potential impact of future spending cuts	<p>Will accessibility of public transport worsen?</p> <p>Concessionary Travel and the rising population age – is concessionary travel becoming unaffordable</p>	

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## Appendix 3

### Evidence Schedule

#### Witnesses providing evidence at Scrutiny Committee

22nd June 2015 (Durham)	John Bourn, Senior Specialist Transport Planner, Regional Transport Team, <a href="mailto:John.Bourn@newcastle.gov.uk">John.Bourn@newcastle.gov.uk</a> Tel 0191 2778972	Background, Context and current service provision
21st July 2015 (Sunderland)	Liz Prudhoe, ADAPT Sarah Rowell, Northumberland Ian Jopling, Durham	LSTF Projects
8th September 2015 (Gateshead)	Huw Lewis, Corporate Manager for Customer Services and Communications	Nexus
20th October 2015 (Newcastle)	Robin Knight, Commercial Director	Stagecoach
1 <sup>st</sup> December 2015	Tom Dodds, Stakeholder Manager	Go North East
9th February 2016 (South Tyneside)	David Shaw	Passenger Transport User Group
27 <sup>th</sup> September 2016 (Sunderland)	Paul de Santis, Regional Head of Commercial	Arriva

#### Written Evidence Submissions

The call for written evidence ran from 27<sup>th</sup> August to end October 2015. 40 responses were received and have been sub-divided as follows:

Training providers / educational establishments – 4  
Members of the Public – 11  
Commuters – 16  
Travel Advisors – 2  
Voluntary Groups – 6  
Providers – 1

Oral evidence was taken at sessions throughout 2015/16 as shown above.

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## **Appendix 4**

### **Draft response from North East Leadership Board to Overview and Scrutiny Committee**

Dear Councillor Wright

On behalf of the North East Leadership Board, thank you and the Overview and Scrutiny Committee for the work you have undertaken on your Policy Review on transport related barriers to education, employment and training, and for presenting your findings today. You and your Committee and the officers involved are to be congratulated on undertaking this important piece of work and for gathering the evidence that you have collected.

I can now advise you that the North East Leadership Board's response to your Committee's recommendations is as follows:

1. Transport costs faced by young people: Your Committee's support for the TNEC Task & Finish group that has been established to investigate transport cost issues faced by young people, is welcomed, including the nomination of Councillor Eagle to be part of the group. The Transport Manifesto states that transport should be affordable and this theme is continued in the draft Transport Plan.
2. Ticketing system improvements: The Board is grateful to your Committee for correctly identifying this as an important issue. The North East Smart Travel Initiative (NESTI) has been progressing this issue successfully. As a result, Pop Pay As You Go can now be used as payment on the majority of services provided by the three major bus operators; on Metro (with a daily price cap); the Shields Ferry; and a range of small bus operators, including the Park and Ride service in Durham. Passengers with Pop Cards can thus use the same card for each leg of their journey without having to pay cash each time, although bus operators have not yet agreed to offer a price cap in the way that Metro does. Uptake of Pop Cards has increased sharply since Pop Pay As You Go Cards became available on-line. Again, the Transport Manifesto (in response to consultation replies) includes a theme that transport should be integrated and this too is expanded upon in the draft Transport Plan.
3. Access to work places and timetables to meet the needs of workers and the need for onward connections: The Board also notes the comments from the

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Call for Evidence about the difficulty of accessing employment locations which are away from the public transport network, and of getting to work at shift times. This point is also already reflected in the Transport Manifesto; one of its themes is that transport should be accessible in terms of running as near as possible to where people live and want to travel to. The draft Transport Plan deals with this in more detail.

4. Improvements to the walking and cycling network: The Board is likewise grateful to your Committee for raising this point. The Transport Manifesto has a specific section devoted to Walking and another one on Cycling. These two topics are extensively covered in the draft Transport Plan. In addition, the North East Combined Authority and all seven Councils are fully committed to promoting walking and cycling, including investing in walking and cycling infrastructure wherever possible. For example, North Tyneside Council's "Preston Grange (A191 Rake Lane) cycling and walking improvements" project sought to provide a convenient cycling and walking route which would support active travel to local schools, encourage cycling to work and improve links in North Tyneside's cycling and walking network. The project was funded from various sources including the Government's Linking Places Fund, regional Go Smarter School Links funding, and developer funding from a neighbouring sports pavilion development. Disappointingly, however, the region's "Access Fund" bid, intended to help maintain the NECA-wide Go Smarter programme, has been declined for funding by the Department for Transport. This will hamper our plans to promote sustainable travel alternatives for journeys to schools and workplaces and means that a number of existing successful initiatives may have to be ended due to lack of further funding. The implications of this announcement are currently being evaluated by officers and a report will be produced for the 20th April meeting of Transport North East Committee advising Members of the anticipated consequences for this region.
  
5. Potential disadvantage by being cut off from prosperity and opportunities: Finally, your Committee's comments about public transport's role in enabling access to essential facilities, including education, training and employment, without the need to use a car, are noted. The particular needs of isolated communities, especially rural areas, in this regard are also noted. As stated above, the Transport Manifesto includes a theme on the Accessibility of transport, and the section on bus services sets out the intention to have "good network coverage reflecting local needs including in rural areas". Again, the question of how to ensure an effective public transport network is covered

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extensively in the draft Transport Plan, which includes sections on the needs of rural areas.

(signed)

Councillor Paul Watson  
Chair, North East Leadership Board

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**Date:** 21 March 2017

**Subject:** Sustainable Urban Development Funding

**Report of:** Head of Paid Service

#### Executive Summary

The purpose of this report is to set out the background to Sustainable Urban Development funding and seek approval to proceed with delivering this funding in the North East.

#### Recommendations

The Leadership Board is recommended to:

1. Approve the proposal to deliver Sustainable Urban Development European Funding in the North East as set out in section 2 of the report;
2. Agree that Newcastle City Council will be the Intermediary Body for the Sustainable Urban Development European Funding;
3. Approve the operational approach set out in paragraph 2.3 and below.
  - The Intermediary Body function will be undertaken by Newcastle City Council.
  - The Strategy function will be undertaken by the North East LEP in partnership with the Intermediary Body, other local authorities and key stakeholders. This involves finalising the SUD Strategy document with DCLG and writing the associated strategic call documents to invite project applications.
  - SUD project development should be undertaken by all six local authorities within the SUD boundary and wider partners to respond to the calls for SUD projects to be funded.
  - SUD project evaluation is part of the Intermediary Body function and will be undertaken by Newcastle City Council in partnership with DCLG and with appropriate ethical walls in place.
  - A sub-group of the existing ESIF Sub Committee governance structure will be utilised to provide the Intermediary Body assessment of projects. All six local authorities should be represented on this sub-group.

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### **1 Background Information**

- 1.1 Sustainable Urban Development (SUD) funding forms part of the European Regional Development Fund (ERDF) 2014-2020 Programme. Those areas with SUD funding in place have the flexibility to ensure greater integration of activities to ensure a more holistic approach to sustainable development in urban areas. For example, more ‘calls’ for project applications that are aligned across ERDF themes, such as, innovation, low carbon and climate change adaptation, and more integration of activities within and across projects to offer ‘whole place’ sustainable development solutions in urban areas. SUD also allows for local assessment, rather than UK Government assessment, of proposed SUD funded projects, in terms of local strategic fit and value for money.
- 1.2 The UK Government has made a commitment under the ERDF programme to deliver £245m of SUD activity. Scotland and Wales have opted out of undertaking SUD, therefore, there is a focus on core cities and urban areas in England with a population of more than 600,000 people to deliver on this UK commitment. Government are seeking confirmation from those areas who have previously agreed to deliver SUD that they wish to progress.
- 1.3 In the North East, the decision was made to designate an urban area covering south Northumberland and Tyne and Wear to form the SUD Programme; with £22.6m of the £225m ERDF indicatively allocated to the North East area designated to SUD activity. The draft SUD Strategy for the North East area was developed and submitted to DCLG in January 2016. DCLG have indicated that the £22.6m of SUD notionally allocated to the North East would be invested outside of the North East if a decision is made not to proceed with this type of activity.
- 1.4 This £22.6m of SUD funding in the North East area is split over the following themes:
  - £4m for innovation
  - £16m for low carbon
  - £2.6m for climate change adaptation
- 1.5 To deliver SUD there is a requirement to have an ‘Intermediary Body’ in place locally. In the North East it was previously envisaged that this would sit with the proposed Mayoral Combined Authority as part of the NECA devolution discussions.

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- 1.6 The Intermediary Body's role is to undertake the following:
  - Write the 'Strategic' element of project calls;
  - Determine the timing and alignment of these calls;
  - Assess projects for strategic fit and, working with the Managing Authority (DCLG), agree to the 'selection' of these projects onto the programme;
  - Support the Managing Authority by appraising and assessing value for money and other criterion in relation to the project.
- 1.7 Although Newcastle City Council has agreed to be the Intermediary Body, it will be within its powers to delegate aspects of this role to other bodies to avoid any perception of conflict of interest. Newcastle City Council has agreed that the strategic element of the project calls should be written by the North East LEP.
- 1.8 To secure Intermediary Body status, the North East must demonstrate that there is clear governance in place for independent decision making, full procedures in place to manage conflicts of interest and clear separation of duties of key personnel involved in decision-making and the appraisal process. It must also be clear that there are appropriate skills in the Intermediary Body team to appraise and assess projects. A joint SUD LA/LEP working group will be set up to support Newcastle City Council to perform its IB functions.
- 1.9 Up to 50% ERDF funding can be secured for staff resource to undertake the Intermediary Body functions. It is estimated that the role would take 1 – 1.5 full time equivalent post to carry out the Intermediary Body role. This involves securing the funding needed to deliver the Intermediary Body and to undertake the Intermediary Body duties. It is anticipated the role(s) would need to be in place for 18-24 months' minimum to oversee project calls development and launch, project appraisal and selection, and project assessments. To fulfil this requirement, each of the six local authorities within the SUD area will need to commit the match funding required for this role(s), which would not exceed £10k for local authority.
- 1.10 At present it would appear that most of the core cities in England are progressing their SUD programmes. DCLG have requested that the North East confirms whether SUD will be progressed in the North East; particularly considering the Chancellor's statement which has guaranteed funding for EU projects committed before Brexit.

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### **2      Proposal**

- 2.1 It is proposed that the North East does proceed to secure the £22.6m SUD funding in the region and avoid the risk of losing this to other core city or urban areas.
- 2.2 The proposal therefore is to nominate Newcastle City Council to be the Intermediary Body for SUD funding in the North East and proceed to provide operational and governance information to DCLG to meet their deadlines.
- 2.3 In terms of SUD approach and operations, there are five roles which will be progressed as follows.
  - i. The Intermediary Body function will be undertaken by Newcastle City Council.
  - ii. The Strategy function will be undertaken by the North East LEP in partnership with the Intermediary Body, local authorities and key stakeholders. This involves finalising the SUD Strategy document with DCLG and writing the associated strategic call documents to invite project applications.
  - iii. SUD project development should be undertaken by all six local authorities within the SUD boundary and wider partners to respond to the calls for SUD projects to be funded. This can be done through existing NECA/Local authority TA resource.
  - iv. SUD project evaluation is part of the Intermediary Body function and will be undertaken by Newcastle City Council in partnership with DCLG and with appropriate ethical walls in place.
  - v. A sub-group of the existing ESIF Sub Committee governance structure will be utilised to provide the Intermediary Body assessment of projects. All six local authorities should be represented on this sub-group.

### **3      Next Steps**

- 3.1 DCLG will be advised of the Leadership Board's decision regarding SUD funding. An implementation team, led by the Head of Paid Service, will develop the details required by DCLG to meet their timescales based on the 5 principles set out above in paragraph 2.3.

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### **4 Potential Impact on Objectives**

- 4.1 The draft Sustainable Urban Development Plan is aligned to the relevant elements of the North East Strategic Economic Plan.

### **5 Finance and Other Resources**

- 5.1 The recommendations would secure £22.6m into the NECA area to be allocated to suitable projects that fit the Sustainable Urban Development Strategy.

### **6 Legal**

- 6.1 There are no direct legal implications arising from this report. However, an SLA will be needed between Newcastle Council and the other 5 Local Authorities to cover both the costs of the programme and to ensure that any risks are shared. In addition, an agreement between Newcastle Council and the North East LEP will be needed to clarify respective responsibilities.

### **7 Other Considerations**

#### **7.1 Consultation/Community Engagement**

There are no direct engagement implications arising from this report.

#### **7.2 Human Rights**

There are no direct human rights implications arising from this report.

#### **7.3 Equalities and Diversity**

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

#### **7.4 Risk Management**

There are no direct risk management implications arising from this report.

#### **7.5 Crime and Disorder**

There are no direct crime and order implications arising from this report.

#### **7.6 Environment and Sustainability**

The draft Sustainable Urban Development Strategy sets out the strategic context for projects to be delivered which will provide innovative approaches to address low carbon and climate change adaptation challenges and issues.

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### **8 Background Documents**

8.1 The draft North East Sustainable Urban Development Plan

### **9 Contact Officers**

9.1 Helen Golightly, Head of Paid Service, NECA

Email - [helen.golightly@nelep.co.uk](mailto:helen.golightly@nelep.co.uk)

Mobile - 0191 3387425

### **10 Sign off**

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