

Leadership Board

Tuesday 4 October 2022 at 2.00pm

Meeting to be held at: Mayor's Parlour, Sunderland City Hall, SR1 3DP

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AGENDA

	Page No
1. Apologies for Absence (Members)	
2. Declarations of Interest	
Please remember to declare any personal interest where appropriate. Please also remember to leave the meeting where any personal interest requires this.	
3. Minutes of the Previous Meeting held on 26 July 2022	1-6
For approval as a correct record.	
4. Announcements from the Chair and/or the Head of Paid Service	
5. Chair's Thematic Portfolio Update (Verbal Item)	
6. Economic Development and Digital Theme Update	7-14
7. Finance, Skills and Employability Thematic Portfolio Update	15-24
8. Budget Proposals 2023/24	25-30
9. Date and Time of Next Meeting: 29 November 2022 at 2.00pm.	

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Leadership Board

DRAFT MINUTES TO BE APPROVED

26 July 2022

(2.00pm – 2.20pm)

Meeting held at: South Shields Town Hall, Westoe Road, NE33 2RL

Present:

Councillors Miller (Chair), Gannon, Hopgood, Gibson

Lucy Winskell (NELEP)

Officers Patrick Melia (Chief Executive, Sunderland City Council), Iain Burns (Service Director, Gateshead Council), John Hewitt (Chief Executive, Durham County Council), Nicola Robason (Monitoring Officer), Gavin Armstrong (Policy and Scrutiny Officer, NECA) and Jonathan Lunness (Strategy and Democracy Support Officer)

1 APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Dixon, Jonathan Tew, Sheena Ramsey, Paul Darby and Gillian Hall.

2 DECLARATIONS OF INTEREST

Lucy Winskell declared an interest in Item 10 (Local Nature Recovery Strategies) as an employee of Northumbria University which is a proposed member of the Delivery and Stakeholder group.

3 MINUTES OF THE PREVIOUS MEETING HELD ON 7 JUNE 2022

The minutes of the previous meeting held on 7 June 2022 were approved as a correct record.

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

The Head of Paid Service noted that conversations between the regional Local Authorities and Government continue regarding devolution. Constituent Authorities have also held conversations with businesses and the NELEP regarding any possible devolution deal.

5 CHAIR'S THEMATIC PORTFOLIO UPDATE (VERBAL ITEM)

Submitted: Report of the Chair (verbal item, not previously circulated nor attached to official minutes).

The Chair delivered his verbal update, noting concerns over the cost of living crisis. The importance of supporting the creation of jobs in the region, ensuring communities had the right skills and access to resources in order that the region may take advantage of possible opportunities was noted. It was asserted that the Authority should maximise drawdowns from the UK Shared Prosperity Fund.

It was noted that the Levelling Up agenda of Government must deliver improvements for people's everyday lives, providing jobs and improving health and wellbeing.

In terms of devolution, it was noted that the right deal, ensuring increased powers and resources, would bring many opportunities to the region by helping to achieve economic growth.

RESOLVED that: -

- i. the update be noted.

6 FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

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

The Thematic Lead for Finance, Skills and Employability delivered the report. It was noted that financial uncertainty, including increased inflation and uncertainty regarding the Local Government Finance Settlement due to changes in Government, looked set to continue.

The importance of a joined up approach regarding business and skills was highlighted. It was also noted that unemployment remains an issue in the region. The £22m grant from Government to tackle unemployment in over 50s nationally was welcomed, but it was noted that the detail of the grant would be crucial.

The challenging timescales of the UK Shared Prosperity Funding were raised as an issue.

RESOLVED that: -

- i. the report be noted.

7 TRANSPORT THEMATIC PORTFOLIO UPDATE

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

The Thematic Lead for Transport presented the written report for the Board's attention.

RESOLVED that: -

- i. the report be noted.

8 FINANCE UPDATE – 2021/22 OUTTURN AND 2022/23 UPDATED FORECAST OF OUTTURN

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

The Chief Executive of Durham County Council presented the report which provided an update on the 2021/22 Outturn and the 2022/23 Forecast of Outturn.

It was noted that expenditure for the 2021/22 corporate budget totalled £206,000, which represented an overspend of £100,000. The overspend was mainly due to expenditure related to the North East Screen Industries Partnership which would be recovered from constituent authorities. The net outturn for 2021/22 was £7000, which was funded from reserves.

Attached to the report were copies of the 2021/22 outturn report and 2022/23 budget forecasts for the Transport Budgets, which were considered by the North East Joint Transport Committee on 14 July 2022. An underspend of circa £28.8 million against the revised transport capital programme budgets was noted, and this would be programmed into the transport capital programme budget for 2022/23.

Cost pressures on Nexus regarding inflation and energy costs were highlighted and it was noted that for 2022/23 there was a planned use of reserves of £5.6 million.

RESOLVED that: -

- i. the outturn position for 2021/22 and the Treasury Management Outturn be noted;
- ii. the revised budget for 2022/23 including the contribution to the BBC and the intention to recover this amount from constituent authorities as set out in paragraph 2.4 of the report be noted.

9 BUDGET PROCESS AND TIMETABLE 2023/24

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

The Chief Executive of Durham County Council presented the report which outlined the process and timetable for the 2023/24 budget.

It was consultation and sign-off process for the 2023/24 NECA budget was noted in Appendix 1. The NECA budget for 2023/24 must be unanimously agreed at the Leadership Board on 24 January 2023.

It was noted that Appendix 2 of the report contained the timeline for consultation and sign-off of the JTC budget for 2023/24.

RESOLVED that: -

- i. the report be noted.

10 LOCAL NATURE RECOVERY STRATEGIES

Submitted: Report of the Strategic Director – Economy, Innovation and Growth (previously circulated and copy attached to the official minutes).

Iain Burns, Service Director (Gateshead Council), presented the report which provided an update on Local Nature Recovery Strategies (LNRS).

The Environment Act requires the preparation of LNRS and sets out the duty of Local Authorities to have regard to the relevant LNRS.

LNRS will be prepared by groupings of Local Planning Authorities (LPA). NECA Constituent Authorities fall into 2 groupings of LPA:

- a. Durham (Durham County Council) and;
- b. Wear and South of Tyne (South Tyneside, Gateshead and Sunderland City Councils)

The report set out the local arrangements for the Wear and South of Tyne LNRS, including the process map in Appendix 1 and the governance structure in Appendix 2.

RESOLVED that: -

- i. it be noted that NECA Local Planning Authorities be mandated to prepare Local Nature Recovery Strategy(s);
- ii. the groupings of LPA's and Responsible Authority to prepare the Local Nature Recovery Strategy in the NECA area be noted;
- iii. the governance structure for South Tyneside, Gateshead and Sunderland City Councils be discussed and agreed;
- iv. the pooling of resources of Gateshead, South Tyneside and Sunderland City Councils to prepare their LNRS be discussed and agreed.

11 **DATE AND TIME OF NEXT MEETING**

Tuesday 4 October 2022 at 2.00pm.

NECA Leadership Board

Date: 4 October 2022
Subject: Economic Development and Digital Theme Update
Report of: Economic Development and Digital Thematic Lead

Executive Summary

The purpose of this report is to provide a update on activity and progress under the Economic Development and Digital (EDD) theme of the North East Combined Authority.

The report provides an update on the economy and labour market across the NECA area (highlighting falling rates of unemployment, but rising economic inactivity and concerns around business and consumer confidence), the rising cost of living (which is already impacting upon residents in our most disadvantaged areas and is likely to worsen) and the Government's response (and recent changes to Ministerial positions) and also outlines progress on the roll-out of Project Gigabit to provide future-proofed broadband.

Recommendations

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

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1.0 Background Information

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

- Economy;
- Labour Market;
- Cost of Living;
- Digital infrastructure.

2.0 Economy

2.1 **The economy in the NECA area continues to be impacted by the rising costs of doing business, the increasing cost of living for residents, a tight labour market where employers are struggling to recruit and uncertainty over the future.**

2.2 The main issue impacting the economic outlook remains inflation and rising prices, particularly energy costs. These continue to impact upon businesses across the North East and is the top issue being flagged to Local Authorities.

2.3 Businesses across all sectors, particularly the likes of hospitality, are being hit by rising energy costs and high energy use sectors especially so. Examples include one restaurant businesses previously paying £2k a month in energy bills is now looking at around £6k per month; this is the equivalent of a £70k annual bill and a three-fold increase. It is also impacting upon schools, care homes and many other public and private organisations.

2.4 In fact, small businesses fear they may not survive the winter as energy bills soar. According to data from the Federation of Small Businesses, many have seen increases of up to 349% in electricity and 424% in gas since February 2021.

2.5 The knock-on effect of rising inflation is the hit that consumer confidence and spending is likely to take. We are already seeing evidence of this with the economy growing much slower nationally than expected in July with potential warnings of a looming recession.

2.6 Recent business reports, such as from the NatWest regional monitor, suggest falling confidence amongst businesses in the North East. As described below, vacancy rates are starting to fall for the first time in 2 years nationally and employers continue to struggle to recruit.

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- 2.7 Anecdotally, this is partially due to temporary staff being unable to fill the void left by skilled workers looking for more lucrative, lower skilled roles or perceived better working conditions. Some speculation of the labour market issues being compounded by engineers working from home in the North East and hybrid working for companies in Germany and Holland.
- 2.8 In terms of footfall, Google Mobility footfall data shows that visits to retail and recreation locations in mid-August were at their lowest since early July. This could be a result of weakening consumer confidence.
- 2.9. Visits to North East workplaces and public transport in the latest week remain around the same level as previous weeks at 76% and 74% respectively of the pre-pandemic levels.
- 3.0 **Labour market**
- 3.1 **While the monthly claimant count in the NECA area has seen significant falls over the past year, and now stands at 4.1% (the lowest level since November 2018 and nearly half the rate of August 2020), rates of employment are not rising to the same extent and economic inactivity remains a major concern.**
- 3.2 August's claimant count data continued the steady fall in the unemployment rate, which has fallen every month since February 2021. There are now just over 30,000 people claiming out of work Universal Credit compared to 54,000 in August 2020 (at the heart of the pandemic) and 33,000 in March 2020 (before the virus emerged).
- 3.3 This masks the variation between the 3.4% rate in Durham and the 5.6% rate in South Tyneside, although all areas have seen reductions.
- 3.4 It also does not show the complete picture given that the wider measure of employment has fallen across the NECA area over the past year (to 71.2% of the working age population) and to amongst one of the lowest rates over the past 5 years. While the measure is more robust, the data is for March 2022 so represents a time lag.
- 3.5 Similarly, the wider measure of unemployment has fallen, to 5.5% (above the wider regional 4.7% rate, itself the highest in the UK) but remains volatile and is up on the previous quarter.
- 3.6 The major issue behind the latest labour market data appears to be the high rates of economic inactivity in the NECA and North East areas, as well as nationally. Economic inactivity driven by those away from the

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labour market due to ill-health saw its largest ever quarterly rise nationally in the latest set of figures.

3.7 Labour demand appears relatively resilient given the near-record high vacancy rates – albeit starting to slow and suggesting labour demand is weakening – but these are not feeding through into significant pay rises and real pay continues to fall.

3.8 PAYE Data shows that the median North East employee pay continues to increase to a similar rate as nationally, although the rising cost of living and energy costs mean a real term pay cut of 3%.

3.9 As rising costs and falling real terms pay cut into consumer and business confidence, this presents a real challenge for residents and businesses in the borough over the next few months.

4.0 Cost of Living

4.1 **As described above, the cost of living is the major issue impacting the NECA economy and residents at the present time. While inflation fell slightly in August (down from 10.1% to 9.9%) this is historically significantly high and having a real impact on residents across the four local authorities.**

4.2 Such concerns are likely to increase as we head more towards Winter.

4.3. Government have set out a response including an Energy Price Guarantee where bills will be frozen so that an average household pays no more than £2,500 a year. Economists have predicted that this may limit inflation rises, but bills will still be at double the level of last year.

4.4 There is also considerable uncertainty about both the cap for consumers and that for business. The former applies for two years, although the latter only for 6 months and it is unclear how this will impact upon an average small business. There are also concerns around delays to the scheme starting on the 1st October.

4.5 The Government have announced a Mini-Budget to take place on 23rd September. This is expected not to include a forecast for the economy, so not representing a Budget or Comprehensive Spending Review, but rather an update on plans around tax cuts (such as to National Insurance and, potentially, on Income Tax).

4.6 The new Government and new Ministers also means uncertainty for some funding streams, with announcements previously predicted for UK Shared

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Prosperity Funds (to sign off Local Investment Plans) and Levelling Up Fund Round 2 in October or November.

5.0 Project Gigabit update

5.1 **As set out at the last update, Project Gigabit was launched in March 2021, building on successful legacy programmes such as Superfast and Rural Gigabit Connectivity. Up to £1.2 billion of spending has been committed until the end of 2024 to 2025, out of a £5 billion commitment over the lifetime of the programme.**

5.2 BDUK interventions will deliver gigabit-capable connectivity to at least 5% of premises across the UK in hard-to-reach areas by the end of 2025, supporting the government's target of at least 85% through a combination of commercial and subsidised build. BDUK aim to accelerate roll-out to get as close to 100% as soon as possible. While the vast majority of the UK's premises will be able to access gigabit-capable services through commercial suppliers' build plans, a large number of premises require government subsidy.

5.3 To meet the objective of providing coverage to at least 5% of hard-to-reach premises by 2025, a minimum of 1.56 million premises needs to be passed by the end of 2025. Non-commercial premises within the government's 85% gigabit-capable target are being delivered by BDUK through four main initiatives:

5.4 - **Superfast contracts:** Delivery continues through projects under the Superfast Broadband Programme, with most remaining projects now reconfigured to deliver gigabit-capable connectivity. *For information, there are no ongoing contracts in the NECA area.*

5.5 - **Gigabit Broadband Voucher Scheme:** Vouchers worth up to £1,500 for residential, and up to £3,500 for commercial premises, which can be claimed by anyone in an eligible area to cover the costs of a supplier extending their network to their premises. Top-up schemes are in place where local and Devolved Authorities can add their own public funding to help boost the value of vouchers. *Durham County Council has a top-up scheme in place to support rural communities outside of any delivery plans that cannot obtain Superfast broadband speeds. These properties are typically hard-to-reach and more expensive to deliver to, and the top-up effectively doubles the amount of funding available.*

5.6 - **GigaHubs:** Grants to connect vital local public services in hard-to-reach areas, typically schools, libraries, and GP surgeries.

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5.7 - **Gigabit contracts:** Subsidies to suppliers to extend their plans to build gigabit-capable infrastructure to premises that will not be reached by their commercial plans alone. This support ranges from smaller local contracts (aimed at reaching 1,000 to 10,000 premises), to larger regional contracts (40,000 to 100,000) and, lastly, the potential for cross-regional contracts (up to 500,000).

5.8 There are currently 3 procurements live in the North East covering Teesdale, North Northumberland and the North East:

5.9 The Type A for Teesdale (County Durham) is expected to be awarded shortly. At this stage there is no information in terms of which properties are expected to benefit.

5.10 A period of mobilisation will follow signature where they expect delivery plans to be firmed up – and it's probably at that stage when information about the where and when will be made available (likely to be early 2023).

5.11 For type B, for all other properties in the NE region, is currently under evaluation by DCMS. This is not expected to be awarded until November/December.

6.0 Reasons for the Proposals

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

7.0 Alternative Options Available

There are no alternative options associated with this report.

8.0 Next Steps and Timetable for Implementation

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

9.0 Potential Impact on Objectives

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

10.0 Financial and Other Resources Implications

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

11.0 Legal Implications

There are no legal implications arising from this report.

12.0 Key Risks

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

13.0 Equality and Diversity

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

14.0 Crime and Disorder

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

15.0 Consultation/Engagement

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

16.0 Other Impact of the Proposals

There are no further impacts arising from the proposals.

17.0 Appendices

None

18.0 Background Papers

None.

19.0 Contact Officers

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

Rory Sherwood-Parkin, Corporate Lead – Policy & Insight, South Tyneside Council

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20.0 Sign off

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

21.0 Glossary

None.

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Date: 4 October 2022

Subject: Finance, Skills & Employability - Thematic Update

Report of: Finance, Skills & Employability Thematic Lead

Executive Summary

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

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

Central to the Skills and Employability agenda are the issues of financing particularly the reliance on external funding as we approach the final stages of the current European Structural Investment Fund programme with limited scope to undertake Employment & Skills activity through the UK Shared Prosperity fund until 2024/25.

Recommendations

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

1. Background Information

1.1 Further to the agreed portfolio leads and the update provided to the Leadership Board in January, activity continues to progress all aspects of the Finance, Skills and Employment needs and opportunities across NECA. Identification of the main issues and progress being made under each element is as follows:

2. Finance Theme

2.1 It is vital that the functions that NECA oversees as accountable body are properly resourced. The spending review announcements in October 2021 and the Finance Settlement that followed in December 2021 set out the resources that are available for local government for 2022/23.

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- 2.2 As part of the Comprehensive Spending Review announcements in October 2021, it was announced that there would be a real-terms increase in local government funding. The actual core spending power increases are dependent on councils increasing council tax by 2.99% per annum over the next three years – a 1.99% referendum limit increase and a further 1% Adult Social Care Precept – with actual spending power influenced by the tax base position and council tax raising capacity of individual authorities.
- 2.3 The new Prime Minister, Liz Truss, will hold a fiscal event in September 2022, with a full budget anticipated in November 2022 which may have implications for local government finance settlements.
- 2.4 Proposals for the NECA Corporate budget for 2022/23 and indicative estimates for 2023/24-2024/25 were approved by the Leadership Board at its meeting on 1 February. Initial proposals for the 2023/24 budget will be presented to the Leadership Board in another paper elsewhere on this agenda.
- 2.6 Pressures in relation to transport budgets, particularly on the Tyne and Wear transport levy, have worsened in recent months as energy price inflation has risen above the levels previously assumed and this has had a hugely detrimental effect on Nexus' budget for high voltage power, the cost of which has more than doubled. There are other pressures relating to contract price inflation, instability in the bus market and employee pay awards. Detailed proposals for the transport budgets will be presented to the JTC at its meeting in November and will be subject to consultation before the levies must be agreed in January 2023.

3. Skills Theme

- 3.1 Skills for Jobs Consultation:- Implementing a new FE funding and accountability system (response from Association of Employment and Learning Providers)
- 3.1.1 AELP welcomes the government's policy intent and proposals to simplify the further education funding system, which providers find increasingly complex to operate within. These proposals from the Department for Education (DfE) seek to put greater trust in providers through increasing levels of flexibility and autonomy whilst revising arrangements on accountability and oversight. This is set against the landscape of the rollout of local skills improvement plans

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(LSIPs) to provide a focus on local and regional needs, alongside the wider national skills priorities of the country.

3.1.2 However, AELP believes these sets of proposed reforms fall short and are a golden missed opportunity. Frustratingly independent training providers (ITPs) who play a key role in the delivery of adult education are ostracized for the majority of the changes except for the planned changes to simplify how adult qualifications will be funded in the future landscape. AELP believes these proposals should be applied to all providers, with a greater focus on shifting to give service users of the provision greater autonomy and choice where and how they access the provision.

3.2 LGA response to LSIP Statutory Guidance

3.2.1 The role of local government

While legislation and statutory guidance now acknowledge the role of MCAs/GLA in shaping the FE offer in devolved areas, they do not reflect the role they could play in developing LSIPs, and neither is there reference to the Levelling Up White Paper commitment to wider and deeper devolution. Outside of devolution areas, councils' role is almost entirely omitted. In practice though, trailblazers showed local government and Employer Representative Bodies (ERBs) working together on LSIPs so it is disappointing DfE has not reflected the reality of what local partners know is needed on the ground. For the reforms to be effective, LSIPs need to be implemented as part of a wider, integrated, place-based employment and skills approach. Maximum alignment between the work of ERBs' LSIPs and local government is needed.

3.2.2 Local government's added value in getting the skills and jobs offer right locally
As democratic leaders of place and trusted convenors of partners, local government – councils and MCAs/GLA – has the democratic legitimacy, accountability and wide-ranging functions and expertise to get the skills and employment offer right for their residents, communities, businesses and other employers. It should be a core, strategic partner allowing it to work alongside and support ERBs and FE providers to develop and enhance LSIPs through:

- Planning, commissioning, and delivering adult skills: through devolved Adult Education Budget (AEB), MCAs/GLA have worked with stakeholders and partners to successfully shape and deliver new adult skills approaches to improve outcomes and cultivate an area-wide approach to skills. Council-run adult community learning (ACL) funded through AEB in devolved and non-devolved areas supports 500,000 adults every year,

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many with low qualifications to develop skills for work and life across 10,000 community venues including libraries, community centres and village halls. AEB and community learning is vital to helping adults gain new skills to enter and progress in work or do further learning. LSIPs must recognise that the talent pipeline requires an increase in basic skills via this route.

- Councils' education and training duties for young people: this includes finding education and training places for young people up to the age of 17; re-engaging young people not in education, employment, and training (NEETs); and supporting young people with special educational needs and disability (SEND).
- Providing support and wraparound services for young people and adults with complex barriers through public health and its link into health services, Family
- Information Services, childcare support, housing support and debt advice. LSIPs must be aware of how vital this support is to some residents on their skills journey.
- Their 'lead authority' role for local growth and skills investment including the Levelling Up, Community Renewal, Towns, Shared Prosperity and Multiply Funds which will generate new employment growth including net zero and retrofit jobs, support capital investment in further education, unlock major regeneration projects, target funding to improve people's skills and employment prospects. This foresight, expertise and planning of local investment must be factored into the LSIP process.
- Strategic planning: As large employers, commissioners or deliverers of services, and strategic planners, local government interlinks employment and skills strategies with wider spatial strategies important to delivering local and national priorities: health and social care, inward investment, environment, transport, net zero and digital. It also works with the public and private sector to deliver training and job opportunities through social value clauses in major schemes / contracts. LSIPs must align to these strategies.
- Supporting the entire local employer base: through their economic development, inward investment functions, as well as delivering Growth Hubs on behalf of Local Enterprise Partnerships, local government works with existing and incoming employers of all sizes and across sectors including micro businesses to multinationals, public, private and charitable sectors as well as representative bodies. Local government can help ERBs ensure LSIPs reflect all employers' view across a local area.
- A holistic view on employment, training, skills, and economic growth initiatives. Many have discretionary or devolved employment and skills schemes or services e.g. local hubs and portals to address gaps / join up

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the system. Existing local employment and skills boards (ESBs) convene partners, promote collaboration, and provide intelligence to agencies including Careers Hubs (many are hosted by local government), Jobcentre Plus and delivery partners. Local ESBs are cross cutting and can support the delivery of the more specific LSIPs and their relevant Boards' work.

3.2.3 The role of providers:

The guidance lists providers who are in scope of the LSIP. This does not include council-run adult and community learning (ACL) which are AEB grant funded. ERBs need to be aware of this vital provision and other smaller and more specialist providers in an area. If different providers are subject to different skills plans, it risks further fragmenting the skills system, skewing an area's balance of provision, disrupting the 'skills escalator', and leading to a lack of progression pathways for learners.

3.2.3 Developing LSIP priorities: ERBs' articulation of employer skills demand within three year LSIPs is an important step, but to be effective, need to be delivered. Oversight of what is being delivered or commissioned and by whom is therefore important to determining what action is needed. Ensuring MCAs/GLA and constituent councils in devolved areas and councils in non-devolved areas are involved in these discussions is critical. Outside devolution areas, guidance suggests ERBs will be supported via LEPs but it should go further to set out how LEPs will engage councils to shape LSIP priorities. It also suggests provider Accountability Agreements will help meet these priorities, but we note that these are still subject to the current Funding and Accountability consultation.

3.2.4 Embedding pathways and inclusion in to LSIPs

LSIP priorities will rightly differ from place to place. Statutory guidance says that LSIPs will not attempt to cover the entirety of provision within an area. If for example, an LSIP solely focused on the need for higher level technical skills in an area, it is not clear if or how progression for learners with lower qualifications will be identified, funded and coordinated. A mixed and balanced skills funding offer, which invests in community skills, basic and functional skills, technical skills, and higher-level skills, is essential to addressing inequalities and supporting those with the fewest qualifications. Training that helps people progress from community-based, pre-entry level learning through to Level 2 is urgently needed and should be factored into local plans so it can be coordinated with LSIP priorities.

Local government has a key role here. As stated above MCAs/GLA lead AEB provision, so are well placed to do this join up in devolved areas. In non-devolved areas, no single authority has the strategic role to plan adult

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education at Level 2 and below. Councils should be empowered to do this via a new 'Community Skills Lead' role. This will allow all ERBs to work with local government to coordinate provision and build learner pathways.

3.2.5 Approval and oversight

Statutory guidance sets out that the Secretary of State (SoS) will approve all Plans, and that MCAs/GLA will be invited to provide a statement about their involvement in LSIPs. In non-devolved areas, there is no opportunity to 'sense check' skills plans, raise any issues before plans are submitted, and no local democratic oversight for the outcomes or public funding. Councils in non-devolved areas and MCAs/GLA in devolved areas must have an opportunity to sense check LSIPs so they work for local areas, add value and join-up with other local strategies before SoS approval and enabling the SoS to focus on national issues.

3.2.6 THE LGA response suggests that LSIPs should be delivered as part of the wider place-based Work Local proposals which provide a mechanism to get the skills and employment offer right for places. Analysis suggests Work Local could each year result in a 15 per cent increase in the number of people improving their skills or finding work, delivering benefits to residents, employers, the health and wellbeing of communities while reducing costs to the public purse. It must be an essential element of the Government's Levelling Up, devolution and skills and employment reforms and we are keen to progress this with Government and partners

4. Employment Theme

4.1 Adults with Autism into work

4.1.1 A new £7.6 million government initiative has been launched to help over 2,000 adults with learning disabilities and autism move into work.

4.1.2 The Local Supported Employment (LSE) initiative is providing grant funding to 24 local authorities in England and Wales, representing an investment of £7.6 million over the next three years. Each local authority area will support between 60 and 140 adults with learning disabilities, autism, or both to move into competitive employment and provide the help they need to maintain that employment.

4.1.3 An average of 91 participants in each local authority are set to benefit from the grant funding and support, which will include assigning job coaches who can carry out vocation profiling, engage employers and provide in-work support to help develop more careers. This follows the government hitting its

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target to see one million more disabled people in work by 2027 five years early, as ministers consider a new target to help bring down the disability employment gap further in the forthcoming Health & Disability White Paper, due in the autumn.

4.1.4 The DWP along with nine local authorities ran an LSE proof of concept pilot in November 2017 for 18 months. Following a consultation process with those involved, the DWP has incorporated feedback and lessons learned into the design of the latest initiative. Evidence from other supported employment programmes suggests that at least 30% of participants should start some form of work following involvement in the initiative. The longer-term ambition is to provide further evidence to local authorities of the value of supported employment to help drive further investment and secure effective employment for more people with learning disabilities, autism or both.

4.1.5 The government made a public commitment to delivering LSE in the Adult Social Care Reform White Paper) and the Work, Health and Disability Green Paper (England) to ensure that everyone should get the support they need whatever their disability or health condition.

4.2 Women into Work

4.2.1 New ONS data shows number of working women is now 2 million more than in 2010

- Women in high-skilled jobs is up 38.5% since 2010, with proportion of women progressing into top management roles growing by almost 25% over last 12 years
- The results come as the UK sees another unemployment rate of 3.8% - below pre-pandemic levels

4.2.2 The number of working women has now reached 15.7 million – a rise of 2 million since 2010 with more women progressing into senior, higher-skilled jobs.

4.2.3 The figures show the portion of women becoming managers, directors and senior officials has climbed almost 25% since 2010, rising by nearly a quarter of a million. Women in professional occupations is also up 40% since 2010 and almost 40% more have moved into associate professional and technical jobs like science, technology, engineering and maths. Young women are currently one of the fastest growing working group, with 7.7% more women aged 16-24 moving into employment across the year. New OECD data also

Leadership Board

shows the UK has the second highest female and youth employment rates among the G7.

4.2.4 To help working mothers, the government recently announced a new package of measures to increase childcare support for parents amid rising costs. This included a call for more parents to take up support through Universal Credit, which allows families to reclaim up to 85% of their childcare costs, worth up to £1,108 per month. The government knows that work is the best route out of poverty, and people can be £6,000 better off in work than out of work on benefits. DWP work coaches are supporting jobseekers, at any age or stage, get into secure and long-term employment, because as well as financial benefits a job also brings social and wellbeing benefits.

4.2.5 DWP is also investing a further £22 million in its 50 PLUS Champions jobcentre support package. The recent announcement means more over 50s jobseekers will receive more one-to-one employment support, so they can continue to reap the benefits of their invaluable work experience and boost earnings ahead of retirement. The jobs figures come as the DWP's Way to Work jobs drive reached its target of helping half a million people on benefits find work in five months and as the department sets out to build on its in-work progression agenda – helping working people receiving Universal Credit to progress in their jobs and earn more money for their families.

5. Next Steps and Timetable for Implementation

5.1 Employment & Skills issues and opportunities for development remain under development through meetings of the Skills and Employment Working Group.

6. Potential Impact on Objectives

6.1 This report is for information only.

7. Financial and Other Resources Implications

7.1 There are no additional financial implications as this report is for information only.

8. Legal Implications

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

9. Key Risks

9.1 This report is for information.

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10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 Economic Directors have been fully consulted on the contents of this paper

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report

14. Appendices

14.1 None

15. Background Papers.

15.1 Thematic Portfolio Update January 2021

16. Contact Officers

16.1 Amy Harhoff, Corporate Director Regeneration Economy & Growth,

Amy.Harhoff@durham.gov.uk Tel: 03000 267330

17. Sign off

17.1

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

18. Glossary

18.1	ACL	Adult Community Learning
	AEB	Adult Education Budget
	AELP	Association for Employment & Learning Providers
	DfT	Department for Transport
	DWP	Department for Work and Pensions

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ERB	Employer Representative Bodies
ESFA	Education and Skills Funding Agency
LGA	Local Government Association
LRTRG	Light Rail and Tram Recovery Grant
LSE	Local Supported Employment
LSIP	Local Skills Improvement Plans
LTF	Local Transport Fund
MCA	Mayoral Combined Authority
NEET	Not in Education, Employment or Training
SEND	Special Education Needs & Disability
UKSPF	UK Shared Prosperity Fund

Leadership Board

Date: 4 October 2022
Subject: Budget Proposals 2023/24
Report of: Chief Finance Officer

Executive Summary

This report sets out initial budget proposals for 2023/24 for the NECA Corporate budget including fulfilment of its Accountable Body role for the North East Joint Transport Committee (JTC).

The forecast for the 2022/23 financial year is for expenditure totalling £0.775m, with income forecast at the same level resulting in a breakeven net budget position. As set out in the forecast of outturn report to the Leadership Board in July 2022, the variance from the original budget of £0.123m is primarily due to the inclusion of the payment which will become due to Tees Valley Combined Authority in relation to the North East Screen Industries Partnership following the Memorandum of Understanding signed by all authorities earlier this year. This will be met by contributions from NECA's constituent local authorities.

The report highlights that the initial budget estimates for 2023/24 and 2024/25 are in line with the forecasts set out as part of the Medium-Term Financial Strategy (MTFS) presented to the Leadership Board in February 2022 in terms of the net position, but include additional expenditure on the NESIP matched by contributions from constituent authorities.

It is anticipated that contributions to the NECA Corporate Budget and the NECA budget for fulfilment of the JTC Accountable Body role can be maintained at the current levels of £25,000 and £10,000 respectively. This is possible due to increases in the rates of interest being received on short term investments held by NECA and will be subject to review for 2024/25 onwards.

The initial budget proposals set out in this report will be subject to further discussion and consultation and a report presented to the next meeting of the Leadership Board.

Recommendations

The Leadership Board is recommended to note the report.

Leadership Board

1. Background Information

- 1.1 A report was presented to the Leadership Board in July setting out the proposed budget setting timetable for 2023/24, which included a report to this meeting setting out updated 2022/23 forecasts and their impact on the MTFS.
- 1.2 In line with that timetable, this report provides an update on the 2022/23 forecast and update on the initial budget position for 2023/24.

2. Proposals

NECA Corporate Costs

- 2.1 The NECA budget for corporate costs is required to support operational costs including staff employed by NECA, Service Level Agreements (SLAs), independent members allowances and expenses and supplies and services costs. Also included is the payment to Tees Valley Combined Authority which is acting as accountable body in relation to the North East Screen Industries Partnership. This payment will be made by NECA, with the contributions reimbursed by NECA's constituent local authorities.
- 2.2 The report to the Leadership Board on 1 February 2022 set a net NECA Corporate budget for 2022/23 of £0.123m which provided for NECA corporate capacity and to fulfil the JTC Accountable Body role. This is funded from contributions from NECA constituent authorities totalling £100,000 (£25,000 per authority), contributions from JTC constituent authorities totalling £70,000 (£10,000 per authority) and interest income on short term investments.
- 2.3 An initial forecast outturn for 2022/23 was presented to the Leadership Board in July 2022. This set out that the revised budget had been increased to accommodate the payment in relation to the NESIP. There has also been an increase in the SLA costs resulting from additional HR support and IT costs relating to the accessibility of the NECA website.
- 2.4 Interest on short term investments is forecast to be higher than anticipated at the time of setting the budget, since interest rates have increased significantly since the beginning of the year. This enables a breakeven position to be forecast for the year.
- 2.5 As set out in the report to the Leadership Board in July 2022, at 31 March 2022 the NECA corporate reserve totalled £0.419m. This is a general balance and not earmarked for specific purposes and is considered a prudent level to hold for this budget.
- 2.6 The forecast has been updated on the most recent information at September 2022, and is set out in the tables below.

Table 1: NECA Corporate Costs 2022/23 Forecast

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	2022/23 Original Budget	2022/23 Forecast	2022/23 Variance
	£	£	£
Employees	54,510	55,070	560
Service Level Agreements	54,060	69,767	15,707
Independent Members Allowances & Expenses	6,500	6,005	(495)
Supplies and Services	7,560	10,671	3,111
North East Screen Industries Partnership	0	633,924	633,924
Total Expenditure	122,630	775,437	652,807
NECA Corporate Contributions	(100,000)	(100,000)	0
North East Screen Industries Partnership Contributions	0	(633,924)	(633,924)
Investment Income	(20,000)	(41,513)	(21,513)
Total Income	(120,000)	(775,437)	(655,437)
Net deficit/(surplus)	2,630	0	(2,630)

Table 2: JTC Accountable Body Costs 2022/23 Forecast

	2022/23 Original Budget	2022/23 Forecast	2022/23 Variance
	£	£	£
Employees	13,340	13,370	(60)
Service Level Agreements	76,330	77,660	1,336
Total Expenditure	89,760	91,036	1,276
JTC Accountable Body Contributions	(70,000)	(70,000)	0
Interest Income	(19,000)	(21,036)	(2,036)
Total Income	(89,000)	(91,036)	(2,036)
Net deficit/(surplus)	760	0	(760)

- 2.7 Appendix 1 sets out the indicative draft budget for 2023/24, along with Medium Term Financial Strategy estimates for 2024/25 and 2025/26. The constituent authority contributions to the NECA Corporate Budget and to the NECA budget for fulfilment of the JTC Accountable Body role are included at the current levels of £25,000 and £10,000 respectively for 2023/24 and beyond, however these will need to be subject to review for 2024/25 onwards.
- 2.8 The budget proposals for 2023/24 and future years are on a 'business as usual' basis. Should there be changes to the scope and role of NECA as a result of future devolution, new budget proposals will be submitted for agreement at the appropriate time.
3. **Reasons for the Proposals**

Leadership Board

3.1 This report sets out initial high-level budget proposals for 2023/24 for the NECA Corporate budget, including fulfilment of its Accountable Body role for the North East Joint Transport Committee.

3.2 The report identifies that NECA Corporate contributions will be maintained at £25,000 per authority and contributions to the JTC Accountable Body role will be maintained at £10,000 per authority in 2023/24 and will be reviewed for 2024/25.

4. Alternative Options Available

4.1 The report is presented for information with no decision required at this stage – the information set out will be included in the 2023/24 NECA budget setting reports to the Leadership Board in November 2022 and January 2023 and will be subject to consultation via the NECA Overview and Scrutiny Committee.

5. Next Steps and Timetable for Implementation

5.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least 2 months prior to the budget being agreed. Proposals for consultation will be presented to the Leadership Board on 29 November 2022. The proposals will be subject to consultation with the NECA Overview and Scrutiny Committee and officer groups. In its Accountable Body role for JTC, Transport proposals will also be subject to consultation with the JTC Overview and Scrutiny Committee, the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be taken into account in the preparation of the final reports.

6. Potential Impact on Objectives

6.1 The budget and medium-term financial strategy 2023/24 to 2025/26 has been and will continue to be prepared to reflect the objectives of the Authority and feedback from constituent authorities. Future reports will set out the revenue and capital budget proposals in detail that will help deliver the objectives of the Authority.

7. Financial and Other Resources Implications

7.1 The financial and other resources implications are set out in the main body of the report.

8. Legal Implications

8.1 There are no legal implications arising from this report which is for information. The budget must be approved unanimously in accordance with the requirements of the NECA Order and the NECA Constitution.

9. Key Risks

Leadership Board

9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

10. Equality and Diversity

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

11. Crime and Disorder

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

12. Consultation/Engagement

12.1 The NECA Constitution requires that consultation on budget proposals be undertaken at least two months prior to the budget being agreed. The draft proposals will be subject to consultation with the Leadership Board, Overview and Scrutiny Committee and officer groups. In its accountable body role for the JTC, Transport proposals will be subject to consultation with the JTC Overview and Scrutiny Committee, the JTC Tyne and Wear Sub Committee and constituent councils. Comments raised as part of the consultation process will be taken into account in the preparation of the final reports.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from these proposals.

14. Appendices

14.1 Appendix 1 – NECA Corporate and JTC Accountable Body Budget Forecast 2022/23 and initial proposals 2023/24 to 2024/25.

15. Background Papers

15.1 NECA Constitution - [NECA-Constitution-7-June-2022.pdf \(northeastca.gov.uk\)](#)

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
Eleanor.goodman@northeastca.gov.uk, 0191 433 3860

17. Sign Off

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

Leadership Board

	2023/24 Draft Budget			2024/25 Draft Budget			2025/26 Draft Budget		
	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total
Expenditure									
Employees	60,705	14,255	74,960	62,525	14,685	77,210	64,400	15,125	79,525
SLAs	55,400	77,670	133,070	57,060	80,000	137,060	58,770	82,400	141,170
Independent Members Allowances	6,500	0	6,500	6,500	0	6,500	6,500	0	6,500
Supplies and Services	6,520	0	6,520	6,715	0	6,715	6,915	0	6,915
NESIP	642,610	0	642,610	821,430	0	821,430	820,390	0	820,390
Total Expenditure	771,735	91,925	863,660	954,230	94,685	1,048,915	956,975	97,525	1,054,500
Income									
NECA Corporate Contributions	(100,000)	0	(100,000)	(100,000)	0	(100,000)	(100,000)	0	(100,000)
JTC Accountable Body	0	(70,000)	(70,000)	0	(70,000)	(70,000)	0	(70,000)	(70,000)
NESIP	(642,610)	0	(642,610)	(821,430)	0	(821,430)	(820,390)	0	(820,390)
Interest Income	(29,125)	(21,925)	(51,050)	(32,800)	(24,685)	(57,485)	(32,800)	(24,685)	(57,485)
Total Income	(771,735)	(91,925)	(863,660)	(954,230)	(94,685)	(1,048,915)	(953,190)	(94,685)	(1,047,875)
Net (to)/from Corporate Reserve	0	0	0	0	0	0			