

A meeting of the: **Cabinet**

will be held on: **Tuesday, 9th December, 2025**

at **2.00 pm**

in: **Council Chamber - City Hall, Sunderland**

The meeting will be livestreamed and available to view on the Authority's YouTube channel via (www.youtube.com/@NorthEast_CA/streams).

AGENDA

		Page No
1	Apologies To record any apologies for absence and the attendance of any substitute members.	
2	Declarations of Interest Cabinet Members are required to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest, in accordance with the Authority's Code of Conduct for Members.	
3	Mayor's Announcements To receive any announcements from the Mayor and/or the Chief Executive.	
4	Minutes of Previous Meeting To confirm as a correct record the minutes of the previous meetings held on 23 September 2025.	3 - 8
5	Draft budget 2026-27 and Medium-Term Financial Plan To consider the initial draft 2026-27 budget and medium-term financial plan (MFTP) for the North East Combined Authority (North East CA).	9 - 38
6	Budget Monitoring Update 2025-26 Quarter 2 To review of the 2025-26 budget plan at the end of the second quarter (1 April to 30 September 2025), showing the updated forecast spend for the corporate budget and delivery programmes.	39 - 64
7	North East Combined Authority's Performance Management Framework and Integrated Settlement outcomes framework To consider the progress to date in developing a local Performance Management Framework; and agreeing the outcomes framework for the North East Combined Authority's Integrated Settlement with Government	65 - 128
8	The Mayor's Fares To consider proposals for "The Mayor's Fares" in the financial year 2026/27.	129 - 134

9	North East Rural Growth Programme To seek approval of investment in the North East Rural Growth Programme.	135 - 138
10	North East Local Remediation Acceleration Plan To seek approval for the North East Local Remediation Acceleration Plan.	139 - 164
11	The North East Local Growth Plan To seek endorsement of the final version of the North East Local Growth Plan, 'Creating Real Opportunity'.	165 - 226
12	Riverside Sunderland – Creative Mayoral Development Zone To seek approval for the development of the Riverside Sunderland Creative Mayoral Development Zone (MDZ).	227 - 232
13	North East Visitor Economy – update and next steps To consider the next steps regarding growth plans for the North East Visitor Economy.	233 - 242
14	Governance Update To seek approval of changes to the Scheme of Officer Delegations in the North East CA's Constitution.	243 - 254
15	Next Meeting To note that the next meeting of Cabinet is scheduled to be held on Tuesday 3 February 2026 at 2.00pm.	

Contact Officer: Paul Wheeler

Email: paul.wheeler@northeast-ca.gov.uk

Tel: 0191 277 4234

www.northeast-ca.gov.uk



Cabinet

23 September 2025

(2.00pm)

Meeting held at: Great Hall, Discovery Museum, Newcastle

Minutes

Present: Mayor Kim McGuinness (Chair)
Councillor Andrew Husband
Mayor Karen Clark
Councillor Tracey Dixon
Councillor Martin Gannon
Councillor Karen Kilgour
Councillor Michael Mordey
Councillor Glen Sanderson
John McCabe, Business Cabinet Member

C26/09/25 Apologies for Absence

Martin Brookes, CVS Cabinet Member
Joy Allen, Durham Police & Crime Commissioner - Observer
Susan Dungworth, Northumbria Police & Crime Commissioner - Observer

C27/09/25 Declarations of Interest

There were no declarations of interest.

C28/09/25 Mayor's Announcements

In her announcements Mayor Kim McGuinness informed Cabinet of the following:

The North East had secured a multi-billion pound transformational investment for an Artificial Intelligence (AI) zone. The Mayor stated that AI would drive and shape the future economy and be transformative for the region. The North East CA would work with businesses to create apprenticeship routes into the AI sector.

The Government had published its Devolution Bill, and that would speed up the region's ability to deliver for residents. One change was the 'right to request' that would enable Mayors to seek more regional power, an example being a tourism levy that hotel visitors would pay per visit. The levy would be used to help fund major new cultural events and safeguard jobs in the sector.

C29/09/25 Minutes

Resolved that the minutes of the meeting held on 22 July 2025 be confirmed and signed by the Mayor as a correct record.

C30/09/25 Delivering the Mayor's Local Transport Plan

Cabinet received a report that sought approval to progress several important projects across the whole region to continue the delivery of the Mayor's transport programme and the creation of a safe, integrated, and green transport network. The projects supported key Mayoral commitments to reduce child poverty and improve the safety of women and girls.

The report set out proposals to utilise secured funding from the City Region Sustainable Transport Settlement (CRSTS) and the Consolidated Active Travel Fund (CATF), as well as the North East Combined Authority reserves, to deliver projects that would transform the region's transport network.

The transport projects would support the creation of a green, integrated transport network that works for all and would deliver real benefits for residents, including:

- More integrated and affordable journeys
- A stronger economy
- Helping to tackle child poverty
- Safer travel for women and girls
- A more accessible network
- Cleaner air and a healthier environment

Members welcomed the report and emphasised that the projects within the report would ensure the region's public transport network would remain safe and accessible for all residents, both now and in the future, which was vital for the region's economic growth.

With regards to the capped fares, it was noted that it would enable an increased number of adults and young people to use public transport to access education and skills across the region.

Cabinet resolved to:

1. Approve the capital investments set out below, enabling the payment of funding and the completion of Grant Funding Agreements with respective Local Authorities:
 - a) £10.9 million of City Region Sustainable Transport Settlement capital funding for the Northumberland Park Interchange scheme, as outlined in Section 2.1 of the report.
 - b) £5.55 million of Consolidated Active Travel Fund (CATF) capital funding, as outlined in Section 2.2 of the report.
2. Approve the revenue investments set out below, and authorise the Director of Transport to undertake associated procurement activity and award contracts in accordance with the Authority's Commissioning and Procurement rules:
 - a) £150,000 of City Region Sustainable Transport Settlement capacity funding for the procurement of a study which identifies investment priorities to improve the safety of women and girls travelling on the North East's transport network.
 - b) £150,000 of City Region Sustainable Transport Settlement capacity funding to procure a supplier to undertake an accessibility review of the region's transport network and identify priorities for investment.
3. Agree to allocate of £23 million of City Region Sustainable Transport Settlement (CRSTS) to sustainable transport schemes in County Durham as outlined in Section 2.4 of the report, subject to the agreement of the Department for Transport.

4. Approve the extension of the existing Capped Fare Scheme on buses until 31 March 2026 and allocate £8.69m of North East CA reserves to fund this extension.
5. Agree to commence procurement activity and delegate authority to the Chief Executive to award a contract to install Electric Vehicle (EV) charging infrastructure, funded by the City Region Sustainable Transport Settlement, at sites in Gateshead and North Tyneside.
6. Approve the creation of a multi-year framework contract, with a total value of £1.1 million, for the provision of assurance services for transport business cases, following a procurement process conducted in accordance with the Authority's Commissioning and Procurement rules, and delegate authority to the Director of Transport to appoint the providers to the framework contract and to approve commissions within the scope and terms of the framework contract.

C31/09/25 Regeneration and development of the central areas of Newcastle and Gateshead

Cabinet received a report that set out the way the North East CA would accelerate the creation of new business, new attractions, new homes and new communities in Newcastle and Gateshead through a fully collaborative approach, led by the North East CA in close partnership with local authority leadership.

New Mayoral Development Zones (MDZ) would bring strategic focus, improved public and private sector collaboration and new financial and delivery tools unlocked by devolution to defined urban geographies across the region. The inaugural Mayoral Development Zone would cover Newcastle and Gateshead - with further zones to follow across the region, subject to co-design and local agreement.

The area of focus of the regeneration and investment proposals set out in the report would be formally defined and include several sites that would include the Forth Yards site, Gateshead Quays, and several other sites clearly identified in the North East Devolution Deal, Trailblazer Deal and Investment Prospectus as strategically important to the region.

The Newcastle-Gateshead Mayoral Development Zone would be shaped by the principles and objectives of the North East Local Growth Plan (LGP); providing pace and focus to the development of several of the strategic sites contained in the LGP with transparent and robust governance.

Members welcomed the report and stated that it was an ambitious initiative which demonstrated the collaboration with all parties involved. The development zone would attract and create new jobs, homes and businesses, and would enhance economic and social wellbeing of residents.

Cabinet resolved to:

1. Endorse the North East CA engaging with Newcastle City Council and Gateshead Council as joint partners, with a view to working with wider public sector partners, in jointly developing the Newcastle-Gateshead Mayoral Development Zone strategy and potential delivery vehicle(s), including defining the benefits afforded by a Mayoral Development Zone or Corporation.
2. Agree that the Mayor, on behalf of the North East CA, work with respective Council Leaders, HM Government, Homes England and other partners and investors locally, regionally, and nationally, to facilitate the bringing forward of regeneration and the attraction of investment to the Newcastle-Gateshead Mayoral Development Zone.

3. Approve the investment of up to £300,000 from the North East CA Investment Fund as a contribution to the cost of developing the strategy, including the procurement and appointment of a multi-disciplinary team of expert advisers.
4. Delegate to the Chief Executive, in consultation with the Mayor, and the leaders and Chief Executives of Newcastle and Gateshead councils, all decisions related to the procurement and appointment of advisers, and the establishment of a strategic regeneration board as described in the report.
5. Note that any future investment by the North East CA related to the sites within the proposed Mayoral Development Zone or Corporation will be treated in the usual way through the North East CA Single Assurance Framework and in line with the North East CA's constitution.

C32/09/25 The North East CA Strategic Risk Review (6 monthly update)

Cabinet received a report that provided a formal 6-monthly update on the North East Combined Authority's strategic risks in line with the governance and risk management arrangements established within the North East CA's Risk Management Framework approved by Cabinet in September 2024.

Cabinet was informed of changes to the strategic risks with four risks closing, three new risks raised, and one risk de-escalated for management at directorate level. As a result, there were currently five strategic risks.

Members reviewed the current strategic risks, scoring and proposed management actions and stated that the report was focused and responsive and demonstrated the Combined Authority approach to risk was insightful, robust and dynamic. No new or emerging risks were proposed for inclusion within the strategic risk register.

Cabinet resolved to:

1. Note the reported changes to the Authority's Strategic Risk including the scoring and management actions.

C33/09/25 Budget Monitoring Update 2025-26 Quarter 1

Cabinet received a report that provided an update on forecasts at the end of the first quarter against the overheads (organisational running costs) and service delivery budgets for the 2025-26 financial year.

The expenditure against the overheads budget was forecast to be in line with the original budget for the year, with a higher than budgeted level of income due to increased interest on short term investments of cash balances. The forecast outturn on service delivery programmes was £258.381m revenue against a programme of £251.7m, an increase of £6.680m, and £258.580m capital against a capital programme of £324.833m, a reduction of £66.254m which had arisen due to reprofiling of forecast spend into 2026-27 and future years, taking into account latest project updates at the end of the first quarter.

Cabinet resolved to:

Note the revised forecast spend against budget for 2025/26 at the end of June 2025.

C34/09/25 Portfolio Advisory Boards Update

Cabinet received an update report in relation to the establishment of Portfolio Advisory Boards .

Cabinet had delegated authority to the Chief Executive, in consultation with the relevant Portfolio Holder and Mayor, to finalise the terms of reference and membership of each Portfolio Advisory Board. The updated terms of reference and membership of each board were appended to the report. The report also included a proposal to invite Clare Williams (Regional Secretary, Northern Unison) to Cabinet meetings as an observer.

Cabinet resolved to:

1. Note the arrangements as to the Portfolio Advisory Boards set out in the report; and
2. Agree to invite Clare Williams as an observer at Cabinet on behalf of trade unions in the region.

C35/09/25 Exclusion Resolution

Resolved that, by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, press and public be excluded because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

C36/09/25 FIFA Women's World Cup 2035™

A report was received that informed and updated Cabinet on the region's involvement in the bid submitted by UK Sport on behalf of the Football Association (FA) to be a Host City for the FIFA Women's World Cup 2035™ and sought endorsement to continue supporting the bid application and provide financial support.

Cabinet resolved to:

1. Note the contents of the report and to support the submission of the bid for Newcastle and Sunderland to be chosen as a Host City for the FIFA Women's World Cup 2035™, following bids made by Newcastle and Sunderland City Councils.
2. Approve a total of up to £8million of funding from the North East CA Investment Fund, subject to successful bids to deliver the FIFA Women's World Cup 2035™ and compliant business case to the North East CA.

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Title:	Draft budget 2026-27 and Medium-Term Financial Plan
Portfolio:	Finance and Investment
Responsible Director:	Mags Scott, Director of Finance and Investment
Report Author:	Eleanor Goodman, Head of Finance Noel Kay, Strategic Finance Business Partner

Purpose of the report

The purpose of this report is to present the initial draft 2026-27 budget and medium-term financial plan (MTFP) for the North East Combined Authority (North East CA). This sets out the financial framework within which the North East CA will deliver against its missions and priorities over the period 2026-27 to 2028-29. It provides an initial view of the North East CA's expected funding, expenditure and reserves, ensuring resources are aligned with strategic objectives and that financial sustainability is maintained in the medium term.

The balanced budget presented in this report fulfils the statutory duty of the Authority; and underpins the ambitious programme of investment, growth and social change led by the North East Mayor and Cabinet. It enables progress against the outcomes within the Mayor's Local Growth Plan, Local Transport Plan, New Deal for North East Workers, Child Poverty Action Plan and against the North East CA's Corporate Plan. This includes regional investments in transport, housing, regeneration, economic innovation, skills and child poverty reduction totalling over £500m; and new funding secured for the region of almost £2 billion.

Recommendations:

Cabinet is recommended to:

1. Agree for consultation the delivery budgets set out in section 2.
2. Agree for consultation the draft Transport Levies set out in section 3.
3. Note the Tyne Tunnels position set out in section 3.
4. Note the reserves position as set out in section 3.
5. Agree for consultation the initial draft North East CA Corporate Budget for 2026-27 as set out in section 4.
6. Support the opportunity of participating in the NE Electric Vehicle Cluster programme and delegate authority to the Director of Finance and Investment to accept the grant funding.
7. Delegate authority to the Chief Executive to approve any subsequent commissioning of activity and award of funding or contracts for the NE Electric Vehicle Cluster programme, in accordance with procurement regulations and the approval thresholds set out within the North East CA Single Assurance Framework.
8. Delegate authority to the Chief Executive to approve the commissioning of activity and award of funding or contracts for Economic Inactivity Trailblazer year two funding, in accordance with procurement regulations and the approval thresholds set out within the North East CA Single Assurance Framework.

Executive Summary

This draft budget and medium-term financial plan report sets out planned revenue and capital expenditure over the three-year period commencing 1 April 2026. It has been prepared at a point before full confirmation of funding has been received, and it should therefore be taken as a preliminary view of the investments and activities the Combined Authority expects to undertake over that period. All figures in this report are therefore subject to change. It should also be noted that,

while a reasonably clear view of activities exists for the 2026-27 financial year, there is greater uncertainty for the financial years beyond.

Notwithstanding the above, this report envisages a significant programme of investment, firmly aligned with the North East CA's five missions, over the three-year MTFP period. The provisional proposed capital and revenue programmes for that period are planned at £805m and £918m respectively.

A. Context

1. Outline

- 1.1. This year's budget and MTFP are being developed during a period of transition, as the North East CA moves to an Integrated Settlement with government from 1 April 2026, as an Established Mayoral Strategic Authority. The settlement will bring together a range of funding streams, historically individually ring-fenced, into a multi-year allocation formed of broad themes, providing greater flexibility, longer-term certainty and increased local control for the Mayor and Cabinet over investment decisions. Certain funding streams remain for now outside of the integrated settlement, including the Investment Fund, but it is anticipated that, over time, the integrated settlement will become the default funding mechanism for all government grant funding.
- 1.2. Integrated settlement is a benefit of 'Established Mayoral Strategic Authority' status – itself the result of demonstrable Mayoral and executive leadership; a culture of cross-regional and cross-party collaboration; a strong delivery track record; and audit and scrutiny arrangements that demonstrate a strong local accountability framework and judicious use of public resources.
- 1.3. Final details of the North East CA's first integrated settlement, commencing 1 April 2026, are not yet confirmed, so there are some gaps in funding amounts in this report as a result and, as described in the executive summary, all values are subject to change. A final version for approval will be brought to Cabinet in February 2026.
- 1.4. The Authority continues to operate in a challenging fiscal environment, with ongoing pressures from inflation, uncertainty in national public finances, challenging local government financial positions – not least in the North East CA's constituent authorities – and growing demand for investment to support inclusive growth, transport connectivity and increased skills across the North East. Against this backdrop, the 2026-27 budget and MTFP aim to ensure that resources are targeted effectively to deliver maximum impact, while maintaining a sustainable financial position.
- 1.5. The report sets out the financial context and key assumptions underpinning the budget and MTFP, the proposed revenue and capital budgets for 2026-27 and medium-term forecasts to 2028-29, the reserves strategy and risk framework supporting the financial framework and the next steps in finalising the budget ahead of its presentation for approval in February 2026.

2. North East CA Delivery Programme 2026-27 to 2028-29

- 2.1. Since the election of the Mayor and formation of the North East CA in May 2024, the North East CA Cabinet has approved 137 investment proposals, allocating £265m in funding from the North East CA Investment Fund, Early Capital Regeneration, Investment Zones, Brownfield Housing Fund, Connect to Work and Economic Inactivity Trailblazer; and 26 transport investments totalling over £346m.
- 2.2. During that period, significant new funding has been secured, providing the foundation for delivery of the North East CA's missions. That includes:
 - a) Securing the status of the North East CA as an **established mayoral strategic authority** – a significant step that confers the highest level of devolution and funding flexibility.

- b) **£1.8bn of Transport for City Regions** funding, enabling the North East CA to invest in regional transport projects including Metro to Washington, the Metro Asset Renewal Programme, and bringing the region's buses back under public control.
- c) A **£25m regional growth fund** for the region's creative industries, the North East's share of a £150m fund available only to Mayoral Strategic Authorities. The fund will support and enable innovation, access to finance, R&D, skills and regional growth for creative organisations from grassroots music venues to world-class film studios.
- d) The continuation of the North East CA's **£1.4bn, 30-year investment fund**, a fully flexible approach to delivering long-term, transformational investment.
- e) **£50m Connect to Work programme**, supporting disabled individuals, those with health conditions, and those facing barriers to employment to find sustainable work. The programme is supplemented by a further **£20m economic inactivity trailblazer** programme, which funds the design of tailored solutions that tackle the root causes of economic inactivity.
- f) **£50m North East Electric Vehicle Cluster Programme**, providing support for companies transitioning their offer to the EV supply chain, help attract new investment and support companies to increase their productivity. This results from the confirmation of the North East as a priority region for EV manufacturing.
- g) [Skills and employability to be confirmed pending funding announcement.]

2.3. As the 'purpose' section of this report notes, this budget underpins an investment and delivery programme that is long-term, evidence-based, and politically led through a directly elected Mayor and cross-party Cabinet. This programme is aligned to five missions, set out below, which are consistently reflected in each of our subject matter strategies, corporate plan and ways of working as an officer team within the CA and partner Local Authorities.

- Home of real opportunity
- A North East we are proud to call home
- Home to a growing and vibrant economy for all
- Home of the green energy revolution
- A welcoming home to global trade

2.4. Our long-term goal is to ensure that our budget – including the 'pillars' and 'outcomes' reflected in the Integrated Settlement – are aligned to these missions. But for this budget we have necessarily taken a pragmatic approach, recognising both the alignment to missions and their over-arching importance, and the need for fidelity and transparency as to funding streams that are currently in place. That is why the budget is set out as presented here.

2.5. Integrated Settlement

2.5.1. As noted above, the Integrated Settlement represents a very meaningful change in the financial relationship between the North East CA and central government, consolidating a range of existing funding streams into a three-year allocation.

2.5.2. Integrated Settlement funds will in fact be awarded through six 'pillars': Housing and Strategic Planning; Economic Development and Regeneration; Skills and Employment Support; Transport and Local Infrastructure; Environment and Climate Change and Health and Public Service Reform.

2.5.3. It is not all-inclusive; the North East CA will continue to receive funding outside the settlement, most notably its 30-year Investment Fund as agreed through the North East's devolution deal.

2.5.4. The Integrated Settlement brings with it some important flexibilities. In summary those are:

- the ability to carry over funding from one financial year to the next;
- to move up to 100% of revenue funding within each pillar to capital;
- to move up to 10% of capital funding within each theme to revenue; and
- to move up to 10% of funding between pillars.

2.5.5. A structured framework enabling the use of the flexibilities is being developed.

2.5.6. There remains a continued requirement to deliver clear value for money, alongside a shift towards emphasis on longer-term outcomes and impact than on short term outputs. For example, employment and training support funding will focus on demonstrating labour market outcomes as a result of an intervention, as opposed to number of learners.

2.5.7. Appendix C lists the functional responsibilities conferred on mayoral strategic authorities in receipt of the integrated settlement. This is a draft list that will be confirmed with government as part of final agreement of the financial settlement. Appendix D lists the funding pillars and component parts.

2.5.8. The table below outlines the draft budget for 2026-27 and plan for the two subsequent financial years. This includes funding from all sources, including those outside of the integrated settlement.

Table 2: Summary of Expected Service Delivery¹

Pillar	Fund	2026-27	2027-28	2028-29
		Budget	Plan	Plan
Housing and Strategic Planning	Revenue	TBC	TBC	TBC
	Capital	£31,939,508	£27,540,440	£48,690,000
Economic Development and Regeneration	Revenue	£27,185,482	£24,018,543	£21,148,333
	Capital	£31,208,333	£28,858,333	£37,358,333
Skills and Employment Support ²	Revenue	£117,597,863	£110,323,066	£109,764,255
Environment and Climate Change	Revenue	£185,000	£185,000	£185,000
	Capital	TBC	TBC	TBC
Investment Fund	Revenue	£31,582,482	£33,374,513	£31,830,887
	Capital	£26,871,409	£9,832,471	£8,490,092
Transport and Local Infrastructure	Revenue	£122,874,968	£141,272,385	£146,037,987
	Capital	£184,935,767	£206,164,890	£163,310,312
Total revenue		£299,425,795	£309,173,507	£257,848,737
Total capital		£274,955,017	£272,396,134	£209,158,737
Total		£574,380,812	£581,569,641	£566,815,199

2.5.9. The expected spend and profile for the 2026-27 financial year will be finalised for the final budget report in February.

¹ Where available, profiles are set out based on expected delivery. These profiles will continue to evolve between the draft and final budget papers as more information becomes available. Where no profile is yet available, an assumed funding profile has been applied.

² Figures are indicative, based on steer from government to plan on flat-cash basis until funding is confirmed. Variation between years arises from the planned phasing of Connect to Work delivery.

2.6. **Housing and Strategic Planning:** A North East we are proud to call home

Table 3: Expected Housing and Strategic Planning planned pillar delivery

Programme Fund	2026-27	2027-28	2028-29
Integrated Settlement (NHDF)	£21,850,000	£20,000,000	£48,690,000
Brownfield Housing - capital	£10,089,508	£7,540,440	TBC
Capital	£31,939,508	£27,540,440	£48,690,000

- 2.6.1. Housing and strategic planning investment supports the **A North East we are proud to call home mission**. Investments of this funding focus not simply on building new homes, but on delivering affordable, social housing.
- 2.6.2. The integrated settlement funding for Housing & Strategic Planning was confirmed with the Budget on 26 November. A substantial allocation of the National Housing Delivery Fund has been confirmed for the North East, focused on enabling affordable, social, energy-efficient housing. £143.130m capital grant has been allocated across the four year period to 2029-30, with the profile still to be confirmed.
- 2.6.3. Outside of integrated settlement, a further £17.6m Brownfield Housing Fund was awarded to the North East CA in April 2025. A pipeline of 12 projects has been agreed to benefit from this funding, with delivery commencing in April 2026. Of the 1,190 new homes forecast, 443 will be classed as affordable.

2.7. **Economic Development and Regeneration:** A growing and vibrant economy for all; A welcoming home to global trade

Table 4: Expected Economic Development and Regeneration planned pillar delivery

Programme Fund	2026-27	2027-28	2028-29
Integrated Settlement	£27,185,482	£24,018,543	£21,148,333
Revenue	£27,185,482	£24,018,543	£21,148,333
Integrated Settlement	£14,608,333	£17,358,333	£22,358,333
Early Capital Regeneration	£9,100,000	£0	£0
NE Electric Vehicle Cluster programme – Capital	£7,500,000	£11,500,000	£15,000,000
Capital	£31,208,333	£28,858,333	£37,358,333

- 2.7.1. Estimates relating to the AI Growth Zone, Mayoral Growth Fund and High Streets are not included as the programmes of work have not yet been agreed. The Business Support programme, which is under development and led by the economic development team, is discussed in the Investment Fund section of this report (see 2.10) and therefore not included above, though the Local Growth Fund amounts above may form part of the funding of that programme.
- 2.7.2. It has been confirmed that each of the UK's two AI Growth Zones, including the North East, will receive £5 million in support at local level for business adoption and skills, ensuring the sites deliver for the working people of our region.
- 2.7.3. The £25 million Creative Places Growth Fund, which forms part of the North East's integrated settlement, is the region's share of a £150 million fund to boost the creative industries. The fund aims to provide access to finance, mentoring, and networking opportunities for creative enterprises; drive economic growth and jobs creation in areas such as film, TV, music and the arts outside

London; and encourage creativity and innovation, with a goal to double business investment in the creative sector by 2035.

- 2.7.4. The Mayor secured the region as a priority area for EV manufacturing, and Government has announced their intention to support the NE Electric Vehicle Cluster Programme over the next three years through a dedicated programme. The programme will provide support for companies transitioning their offer to the EV supply chain, help attract new investment and support companies to increase their productivity. The dedicated nature of this fund, as described above, means that it sits outside of the integrated settlement and is ringfenced for these activities.
- 2.7.5. Cabinet is asked to support the opportunity of participating in the NE Electric Vehicle Cluster programme, and delegate authority to the Director of Finance and Investment to accept the grant funding. Delegated authority is also requested for the Chief Executive to approve any subsequent commissioning of activity and award of funding or contracts, in accordance with procurement regulations and the approval thresholds set out within the North East CA Single Assurance Framework.
- 2.7.6. The Early Capital Regeneration Programme comprised £20m allocated by MHCLG in December 2022 as part of the devolution deal negotiations, the additional £35m for development of the Sunderland Riverside (Crown Works Studio), Forth Yards and Health Innovation Neighbourhood sites; and £14m of Investment Funding allocated by NTCA in September 2023. The programme is fully delivered with the exception of £9.1m profiled into 2026-27 relating primarily to Sunderland Riverside (£6.9m) and Gateshead Public Infrastructure (£2m). This is the final year of delivery of an historical fund, which therefore sits outside the integrated settlement.
- 2.7.7. The Mayor's Local Growth Plan sets out the key role of innovation in creating growth and opportunity in the region. The Combined Authority is working closely with UKRI, regional universities, and businesses to develop proposals for the £30m North East allocation of Local Innovation Partnerships Funding, with the funding itself being administered by UKRI.

2.8. Skills and Employment Support: Home of real opportunity

Table 5: Expected delivery by programme fund

Programme Fund	2026-27	2027-28	2028-29
Integrated Settlement	£107,597,863	£110,323,066	£109,764,255
Economic Inactivity Trailblazer Phase 2	£10,000,000	TBC	TBC
Revenue total	£117,597,863	£110,323,066	£109,764,255

- 2.8.1. Integrated settlement investment will support ongoing Adult Skills Funding (ASF), Skills Bootcamp and Connect to Work programmes, started in 2025-26. The current ASF and Bootcamp contracts extend to 2026-27; Connect to Work contracts run to 2029-30. Under the proposed formula, the North East will receive significantly less funding for Skills Bootcamps than it has historically. There is therefore a risk that funding assumptions set out above are overstated, with a consequent impact on delivery.
- 2.8.2. In December 2024, the North East CA was identified as an Economic Inactivity Trailblazer region, bringing together health, employment, and skills services and develop innovative new approaches to improve the support available to those who are economically inactive due to ill health to help them return to, and stay in, work. The programme has a strong emphasis on innovation to achieve better local labour market outcomes. Removing barriers to employment is a key component of the North East CA's ambition to make the North East the home of real opportunity and delivering the

draft Local Growth Plan. Funding of £10 million was received in 2025-26 to develop and test new and innovative ways of addressing at the regional level the persistent causes of economic inactivity.

- 2.8.3. DWP has recently confirmed that the North East CA will receive a further £10 million in 2026-27 to continue the trailblazer activity for a further 12 months. DWP expects the second year programme to continue on as an iteration of year one – expanding on innovations that can be demonstrated to deliver strong value for money, outcomes, and amending or pivoting away from those with lower demonstrable labour market success. This approach reflects the pilot nature of this initiative.
- 2.8.4. The Economic Inactivity Trailblazer will be a key part of the 2026-27 Pathways to Work employment support announced in a Green Paper in March and will inform the design of and support the transition to the longer-term design of that suite of support. A draft delivery plan was submitted to DWP at the end of September 2025 for assessment in December. It is anticipated that a Grant Funding Agreement will be in place early in 2026 to ensure that current activity can be continued from April 2026.
- 2.8.5. To enable delivery at pace, delegated authority is requested for the Chief Executive to approve the commissioning of activity and award of funding or contracts for Economic Inactivity Trailblazer year two funding, in accordance with procurement regulations and the approval thresholds set out within the North East CA Single Assurance Framework.

2.9. Environment and Climate Change: Home of the green energy revolution

Programme Fund	2026-27	2027-28	2028-29
Local Nature Recovery Plans	£185,000	£185,000	£185,000
Revenue	£185,000	£185,000	£185,000

- 2.9.1. The development of Local Nature Recovery Plans is the only programme confirmed to date in the environment and climate change pillar. Further Defra funding through the integrated settlement, including homes retrofit, is anticipated but not yet confirmed. The North East CA's mission 'Home of the green energy revolution' is otherwise supported through investment fund programmes (see section 2.10)
- 2.10. **Investment Fund: supporting all of the North East CA's missions**

Table 7: Planned Investment Fund delivery

Programme Fund	2026-27	2027-28	2028-29
North East CA Investment Fund	£27,100,018	£32,850,726	£31,830,887
Legacy NTCA Investment Fund	£4,482,464	£523,787	£0
Revenue	£31,582,482	£33,374,513	£31,830,887
North East CA Investment Fund	£23,787,643	£8,942,471	£8,490,092
Legacy NTCA Investment Fund	£3,083,766	£890,000	£0
Capital	£26,871,409	£9,832,471	£8,490,092

- 2.10.1. As outlined above, the North East CA will continue to receive funding streams outside the integrated settlement, including the Investment Fund. This is the North East CA's 30-year investment fund, agreed with HM Government as part of the devolution deal. This is paid annually to the Combined Authority as a fixed amount of £48 million (revenue of £34 million and capital of £14 million).

2.10.2. This fund provides the Combined Authority with flexible funding to deliver investments and pursue long-term strategic opportunities aligned with the Mayor's and Cabinet's missions. It also serves as a vital mechanism to address resource gaps, acting as a funder of last resort where other funding sources are unavailable or insufficient.

2.10.3. The following strategic projects and programmes have already been approved by Cabinet and will be delivered over the next three years:

- **Child Poverty Action Plan:** £30m commitment, £22.7m of which is to be delivered next 3 years.
- **High Streets Transformation:** South Shields (South Tyneside College £18.3m) [and wider high streets programme].
- **Create Talent:** a £4m, innovative, industry-led skills programme to support the North East's thriving creative sector, focusing on the music, arts, writing and publishing and the screen industry.
- **Access to Finance schemes:** including the North East Accelerate, North East Elevate and North East Spin Out Funds with £24.3m forecast expenditure over the next three years to March 2029.
- **Support for regional businesses:** Including Rural Growth Programme (£8.5m to support Food, Agriculture & Forestry, and rural business support); and a wider regional business support programme, which is in development with our local authority partners and the business community. An indicative amount of £33m is included in the investment fund figures in table 7 for the three year period to support this programme pending confirmation from HM Government of the Local Growth Fund element of the integrated settlement. The latter will reduce the call on the Investment Fund for business support. A proposed programme of business support will be brought to February Cabinet (see 2.10.4 below).

2.10.4. The North East CA is developing a new Business Support Framework to modernise and integrate how business support is delivered across the region. The Framework will provide a single, consistent and evidence-led system aligned to the UK Government's Industrial Strategy, the Small Business Plan, and the North East Local Growth Plan. Its purpose is to create a cohesive regional brand and a seamless customer journey for businesses, ensuring support is accessible, trusted, and strategically aligned with national priorities through the Business Growth Service. It will be targeted at long-standing economic challenges around low start-up rates, productivity, and scale-up performance, while supporting inclusive and sustainable growth in key sectors such as clean energy, digital, manufacturing, and creative industries.

2.10.5. Development of the Framework will be guided by shared principles agreed with local authority economic leads and partners: co-production with stakeholders, evidence-based design, efficiency through digital and AI-enabled delivery, and a focus on inclusivity, transparency, and measurable impact. Engagement with businesses, delivery partners, universities, and the Department for Business and Trade will continue throughout 2025 to shape the detailed design, governance, and delivery model.

2.10.6. The North East CA intends to develop a series of investment programmes aligned with the Corporate Plan. These include a Green Jobs Delivery Plan, a Housing Retrofit Programme, a Regional Pride Inward Investment Campaign and further investment in the region's Creative Industries. These initiatives are not currently included, as they are subject to agreement.

2.11. Transport and Local Infrastructure: A North East we are proud to call home

Table 8: Transport delivery plans

Programme Fund¹	2026-27	2027-28	2028-29
Transport for City Regions (TCR)	N/A	£41,942,592	£46,152,692
Bus Service Revenue Grant	£48,682,257	£23,637,653	£23,637,653
City Regional Sustainable Transport Grant	£5,510,903	£5,510,903	£5,510,903
Nexus Operations Grant	£30,079,800	£30,681,396	£31,295,024
Tyne Tunnels	£35,425,000	£37,129,000	£37,288,000
Bus Reform (ringfenced reserves)	£1,890,715	£1,890,715	£1,890,715
Other Transport Revenue Grants	£1,286,293	£480,126	£263,000
Revenue	£122,874,968	£141,272,385	£146,037,987
Transport for City Regions	£19,100,000	£113,632,160	£113,632,160
Bus Service Capital Grant	£27,000,000	£26,592,419	£0
City Regional Sustainable Transport Settlement (reprofiled)	£113,160,000	£53,505,500	£43,855,500
Other Transport Capital Grants	£25,675,767	£12,434,811	£5,822,652
Capital	£184,935,767	£206,164,890	£163,310,312

¹ From 1 April 2026 the majority of transport funding will be received through Integrated Settlement. Separate funding lines have been retained above since the profile reflects planned expenditure timings which includes funding received prior to 2026-27.

- 2.11.1. The transport funding set out above is the foundation on which the North East Combined Authority will deliver the Mayor's Local Transport Plan, which outlines the Mayor's blueprint for a connected network that is simple, affordable, and built to last.
- 2.11.2. The Mayor's plan is intended to make sustainable travel the first choice for more people and businesses, helping reduce emissions and improve connections between communities, giving people the skills they need to succeed and creating better wellbeing for all.
- 2.11.3. The delivery programme set out above will be delivered through multi-year, consolidated funding settlements and support the maintenance requirement within the region through funding the highways and Metro maintenance.
- 2.11.4. Other key investments include the continuation of critical revenue programmes such as the Bus Service Improvement Plan, including the Mayor's Fares programme, the Bus Reform programme focusing on the franchising scheme assessment, and the Tyne Tunnels contract for the operation of the vehicle and pedestrian tunnels linking North and South Tyneside.
- 2.11.5. The Mayor's Fares programme has improved the affordability of bus travel and grown bus patronage by capping single fares for adults at £2.50 and for people aged 21 and under at £1, along with a range of multi-trip regional products. This scheme has to date been funded through Bus Service Improvement (BSIP) Revenue Grant from Government, which is scheduled to end in March 2026. In a separate report on this agenda Cabinet will be asked to consider the extension of key elements of this scheme until April 2027, but with a reduced scope in order to match a funding envelope of £31.81 million which will be sourced from Bus Revenue Grant (which is also used to support tendered services) and CRSTS.

2.11.6. There are also important investments in relation to capital programmes including the Local Electric Vehicle Infrastructure and Active Travel Funds which provide key capital infrastructure improvements to the transport network focusing on the bus network, electric vehicle charging infrastructure and the cycling, walking and wheeling infrastructure throughout the region. These are noted in the table above as 'Other transport capital grants'.

3. Transport services funded through levies

- 3.1 The North East CA receives levies from its constituent local authorities that are then redistributed primarily through the provision of revenue grants to Durham and Northumberland County Councils in order to deliver those transport activities delegated to them by Cabinet; and to Nexus, for the delivery of public transport services in Tyne and Wear. The transport levying bodies regulations set out that the levies must be agreed by 15 February prior to the financial year to which they relate.
- 3.2 Budget estimates which will inform the levies and transport grants for Durham County Council and Northumberland County Council are currently being developed by those councils and will be reported to Cabinet in February.
- 3.3 A proportion of the levy raised from the Tyne and Wear local authorities is retained by the North East CA to meet historical capital financing charges. This amount is currently £2.1m per annum and it is proposed this be maintained for the period covered by this medium term financial plan.
- 3.4 The remainder of the Tyne and Wear levy funds the grant to Nexus, the Tyne and Wear Passenger Transport Executive. In 2025-26, this grant was set at £70.246m of a total levy of £72.409m (the difference being the capital financing costs referred to in paragraph 3.4). At the time the levy was set, it was indicated that an increase of 3% would be required in 2026-27. Alongside that increase, £25.4m of Nexus reserves will be used over the period 2025-26 to 2028-29, enabling Nexus to maintain services, invest in safety and security and complete the roll-out of the new Metro fleet.
- 3.5 Nexus's ownership of the Tyne and Wear Metro means it carries a wide range of responsibilities including being a train operating company and infrastructure manager. In addition to operating the Metro, Nexus also operates the cross Tyne Ferry service as well as securing around 20% of the bus market within Tyne and Wear. Nexus also provides public transport information in written and digital form as well as owning and operating bus infrastructure. Nexus employs 1,100 people.
- 3.6 Nexus is a critical partner in delivering the Mayor's Local Transport Plan, which sets out objectives for transport across the region. Nexus focuses on:
- Planning journeys / informing users / supporting customers;
 - Ticketing and fares;
 - Reach and resilience of infrastructure;
 - Safety, especially of women and girls, and other improvements in service quality; and
 - Connections between different transport types.
- 3.7 Nexus delivers:
- 360 scheduled Metro services per operational day, on average;
 - Maintenance of the Metro network: mixed fleet, overhead line, track, structures, tunnels, communications equipment;
 - 170 secured bus service contracts (including schools / works services) which provide socially necessary links;
 - 60 scheduled ferry crossings per operational day (on average);
 - Smart ticketing and the provision of public transport information;
 - Management of 6 major bus stations and interchanges, and 6,000 bus stops and shelters; and

- Delivery of major investment programmes across transport modes, including the delivery of the new Metro fleet and signalling system, bringing the Metro to Washington, and a new ferry landing at North Shields.

3.8 The proposed Tyne and Wear levy and the apportionment between the Tyne and Wear councils is set out in the table below. In accordance with transport levying bodies regulations, this apportionment must be based on ONS mid-year population estimates. Changes within the population apportionment mean that the headline increase of 3% does not apply evenly across the councils.

Table 9: Tyne and Wear Transport Levy

	2025-26 Levy £m	2026-27 Proposed £m	Change (%)	Change £m
Gateshead	12.504	12.833	2.6%	0.329
Newcastle	19.589	20.291	3.6%	0.703
North Tyneside	13.297	13.609	2.3%	0.312
South Tyneside	9.373	9.582	2.2%	0.209
Sunderland	17.647	18.266	3.5%	0.619
Total	72.410	74.581	3.0%	2.172

- 3.9 Full details of Nexus's activities and funding are set out in appendix A. This also discusses the actions that Nexus has taken, and is taking, to manage its running costs, protect its revenues and use its reserves to supplement and mitigate increases to the levies on local authorities.
- 3.10 In recognition of the significant financial challenges being experienced by local authorities at present, but also the need for Nexus' base income to increase over the long term, it is proposed that an amount equivalent to the 2026-27 levy increase be rebated to councils as a one-off cash sum, to be used for the development of transport projects. This will be met from Nexus reserves.
- 3.11 In January 2025, when Cabinet approved Nexus' capital programme (2025-26 to 2027-28), an estimated £221.1m of investment was planned through a combination of renewing life expired assets across the Metro network and the completion of the rollout of the new Metro fleet, together with a range of other projects, some of which Cabinet noted at the time still needed to secure funding.
- 3.12 Whilst grant funding for 2025-26 and 2026-27 for Metro asset renewals had been previously announced by the Department for Transport (£39.3m and £19.1m respectively), the expectation is that funding for 2027-28 onwards will be instead provided to Nexus via the Combined Authority's Transport for City Regions (TCR) allocation.
- 3.13 In consultation with officers from the Combined Authority, Nexus has been working up a proposal that would attract grant funding of £50 million per annum across the timeframe of the TCR, necessary to not only provide certainty of funding so that investment can be properly planned, designed, procured and delivered, but also to address a backlog in essential renewals. The allocation of headline TCR funding amounts to defined activities such as Metro renewals will be considered by Cabinet in due course.

Transport Fares and Tolls 2026-27

- 3.14 A separate report to this meeting of Cabinet sets out the proposed approach to and costs of the "Mayor's Fares" for 2026-27, namely the £1.50 for 11 and under, the £2.50 adult single fare and

regional day tickets. A report setting out proposals for fares on the Tyne and Wear Metro, Shields Ferry and Tyne Tunnels tolls will be brought to the February 2026 Cabinet meeting. The proposed approach to the Tyne Tunnel tolls, which is consistent with previous years, is set out below.

- 3.15 The North East CA owns the Tyne Tunnels, comprising the two vehicle tunnels and the pedestrian and cyclist tunnels. The Tyne Tunnels receive no central government funding nor any local subsidy, with all operational costs and debt financing costs being met from the tolls charged to the users of the vehicle tunnels.
- 3.16 The 'shadow' toll paid to TT2, the company that operates the tunnels, will increase on 1 January 2026, by virtue of contract terms, in line with the Retail Prices Index (RPI) measure of inflation. In turn, the tolls charged to users of the vehicle tunnels may be increased in line with RPI. In order to set a break-even budget for the Tyne Tunnels, an increase of 10p in the tolls charged to Class 2 vehicles (cars) and 20p in the tolls charged to Class 3 vehicles (HGVs) will be recommended for approval by Cabinet in February 2026. This increase would come into effect no earlier than 1 May 2026.
- 3.17 The above approach maintains the Tyne Tunnel reserves at a level considered appropriate to a significant infrastructure asset.

Table 10: Tyne Tunnels budget and reserves summary

	2025-26	2026-27	2027-28	2028-29
	£m	£m	£m	£m
Reserve brought forward	(9.946)	(9.946)	(9.946)	(9.946)
Income	(42.792)	(44.952)	(46.685)	(48.757)
Capital financing charges	8.960	9.527	9.556	11.470
Contract payments	32.969	34.543	35.989	36.128
Other Tunnels costs	0.864	0.882	1.140	1.160
Reserve carried forward	(9.946)	(9.946)	(9.946)	(9.946)

4 Corporate Overheads Budget

- 4.1 The initial draft Corporate Budget has been prepared following review of the 2025-26 budget, which has included funding realignments and growth in capacity agreed by Cabinet to deliver against the North East CA's missions.
- 4.2 A summary of the proposed initial draft Corporate Budget setting out overall expenditure estimates and how it is proposed these are funded is set out in the table below:

Table 11: Draft Corporate Budget 2026-27

Description	2025-26	Pay Award	Pension	Known headcount	Operating model	Transport Levy	Inflation	2026-27
	£m	£m	£m	£m	£m	£m	£m	£m
Employees	17.272 ³	0.650	0.552	2.913	1.778			23.165
Admin Costs	4.322						0.234	4.556
Contingency	3.661				1.000			4.661
Capital Financing	8.789							8.789
Transport levy grants	87.173					2.172		89.345
Expenditure total	121.217	0.650	0.552	2.913	2.778	2.172	0.234	130.516
Grant top-slice	(10.291)	(0.650)		(2.913)	(2.778)		(0.234)	(16.866)
Grant funding	(2.885)							(2.885)

³ Employee budget shown includes costs of 2025-26 local government pay award and the costs of the senior management restructure, which were previously shown in the budget as contingency.

Recharged to Projects	(3.100)							(3.100)
Interest	(6.800)							(6.800)
Transport levies	(89.356)					(2.172)		(91.528)
Income total	(112.432)	(0.650)	0.000	(2.913)	(2.778)	(2.172)	(0.234)	(121.179)
Overheads net total	8.785	0.000	0.552	0.000	0.000	0.000	0.000	9.337
Contribution from earmarked pension reserve	0.000		(0.552)					(0.552)
Tyne Tunnels tolls	(8.785)							(8.785)
Grand total	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

4.3 The budget is based on the following assumptions:

- A 3.5% pay award for 2026-27 and in each of the future years in the plan, increasing budget by £0.650m in 2026-27;
- A pension provision of 3.2% which is based on draft contribution rate arising from the triennial valuation of the Tyne and Wear Pension Fund. This will be funded from the earmarked reserve already held for this purpose.
- Admin costs inflation at 5%; and
- Transport levy costs increased by 3%, offset by an increase in levy income.

4.4 Over the course of 25-26, the Combined Authority has been through a four-stage process in relation to its team.

- The bringing together of five regional organisations and the TUPE transfer that enabled it, in advance of the Mayoral election.
- The hiring of an executive team, which was completed in March 2025.
- Harmonisation of terms and conditions.
- Changes to the structure and senior team that reflect the Corporate Plan and delivery agenda that the CA has agreed at a political and official level.

4.5 The cost impact of the above was budgeted for, and the full year impact of it is included in the 25/26 budget column included in the table above.

4.6 A further exercise will take place between now and March 2026 to ensure that the Combined Authority has the appropriate resource at working levels to continue to deliver the Mayor's manifesto, the Authority's missions, and manage new areas of responsibility. Part of this is complete for areas such as Programme Assurance and Legal, and the costs of these shown in the 'Known headcount' column above. Some parts of the organisation are still evolving and require further consideration, and therefore an informed estimate of the impact is included in the 'Operating Model' column.

4.7 In carrying out this next stage of team development, the use of technology, data and AI will be prioritised, and all proposed resourcing plans developed through this lens. This approach will ensure that the organisation remains lean, agile, efficient, and able to operate at pace. Specialist appointments have already been made at leadership levels to ensure that the organisation has the capability necessary for this transformation – with a focus on increasing the capacity of the organisation through investment in technology, data and systems rather than simply headcount.

4.8 Notwithstanding the increase in headcount, net running costs represent on average just over 4% per annum of the North East CA's total funding for the period of this plan (noting that funding is not yet fully confirmed). This, alongside the amount of investment the Combined Authority delivers to the region per full time equivalent employee, will form key performance metrics in the North East CA performance management framework. Cabinet will note that the Performance Management

Framework, approval of which is sought in a paper on this agenda, contains 'Organisational Health' as one of its key pillars. This is so that, alongside measuring the impact that the organisation is having on the region, it is also measuring how well it is performing in terms of efficiency.

- 4.9 It is proposed to fund any investment required as a result of the work described in paragraph 4.7 from the Combined Authority's Strategic Capacity Reserve; this will be confirmed in due course and progressed in line with agreed governance arrangements, including appropriate political oversight.
- 4.10 Draft results of the triennial actuarial valuation of the Tyne and Wear Pension Fund have been received which demonstrate an employers' contribution rate of 3.2% for the period 1 April 2026-31 March 2029 (due to amortisation of the surplus). This cost will be met through a contribution from the earmarked Pension Reserve which is forecast to be £2.1m at 31 March 2026 and is sufficient to cover forecast pension contributions for the whole three year period.

5 Reserves and Risk

- 5.1 The current forecast of reserves to be held on 31 March 2026 is set out in Appendix B, and this will be reviewed and updated as the 2025-26 year end approaches.
- 5.2 Many of the reserves held by the North East CA are earmarked for specific programmes and grant activity (i.e. earmarked reserves) but the CA holds a General Fund balance which is unallocated.
- 5.3 The General Fund unallocated reserve balance is forecast to be £27.841m at the end of 2025-26 once unallocated interest income has been taken into account. The intention is for around £12.841m based on current forecasts be set aside as an interest reserve as a source of funding for projects which can be brought through the Single Assurance Framework, overseen by the Mayor and Cabinet; and £15m maintained as an unallocated reserve to help manage financial risks. A final position will be confirmed as part of the 2025-26 outturn, and a recommendation to create the reserve included within the outturn report to Cabinet in July 2026.
- 5.4 The Strategic Capacity Reserve, valued at £5.760m, was set aside at 2023-24 Outturn to provide for the ongoing costs of transition to the new CA in 2024-25 and to create a financial resource available for development work in respect of the Corporate Plan and the Local Growth Plan. This work was accommodated within in-year resources in 2024-25 and 2025-26 and it is proposed that the Strategic Capacity Reserve is therefore prioritised to deliver work on the digital and transformation strategy and process improvement projects during 2026-27 and mitigate risks around the triennial valuation.
- 5.5 Key financial risks have been highlighted in the body of the report and are in line with the Strategic Risks previously identified and reported to Cabinet in September.

B. Impact on North East Combined Authority Objectives

The budget proposed will enable the North East CA to properly discharge its functions and support delivery of the missions.

C. Key Risks

Key risks are highlighted throughout the report and will be reviewed and updated regularly as part of the Risk Management Framework.

D. Corporate Implications

- D.1. Finance and other resources implications
This is a financial report with implications set out in the detail of the report.

D.2. Legal implications

The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The North East CA must make provision for an adequate level of unearmarked reserves. It is also required that good financial governance arrangements are in place.

The setting of the Transport Levies is governed by the Transport Levying Bodies Regulations 1992, which state that the levies must be agreed by the 15 February preceding the financial year to which they relate.

D.3. Equalities implications

In developing these proposals, the North East CA has taken account of its obligations under section 149 of the Equality Act 2010 (i.e. the public sector equality duty). It is not expected that the proposals described in this report will have any adverse impacts on people with protected characteristics. Any specific investment decisions will be underpinned by an Equality Impact Assessment.

D.4. Consultation and engagement

Draft proposals set out in this report will be subject to consultation and engagement as final budgets are developed, including with the Overview and Scrutiny Committee, Chief Executives and Finance Directors groups.

E. Appendices

Appendix A – Nexus revenue budget and capital programme

Appendix B – summary of reserves

Appendix C – functional responsibilities

F. Background papers

2025-26 Budget and Medium Term Financial Strategy – January 2025 Cabinet

<https://www.northeast-ca.gov.uk/downloads/3383/cabinet-supplementary-pack-28-january-2025.pdf>

G. Glossary

AI – Artificial Intelligence

ASF – Adult Skills Fund

CRSTS – City Region Sustainable Transport Settlement

DfT – Department for Transport

ENCTS – English National Concessionary Travel Scheme

EV – Electric Vehicle

HGV – Heavy Goods Vehicle

JTC – Joint Transport Committee

LRRRG – Light Rail Revenue Recovery Grant

MRG – Metro Rail Grant

MTFP – Medium Term Financial Plan

NICS – National Insurance Contributions

PTE – Passenger Transport Executive

RPI – Retail Prices Index

TCR – Transport for City Regions

TUPE – Transfer of Undertakings (Protection of Employment)

TWPF – Tyne and Wear Pension Fund

Contact officer(s)

Eleanor Goodman, Head of Finance eleanor.goodman@northeast-ca.gov.uk

Noel Kay, Strategic Finance Business Partner noel.kay@northeast-ca.gov.uk

Appendix A – Nexus Revenue Budget and Capital Programme

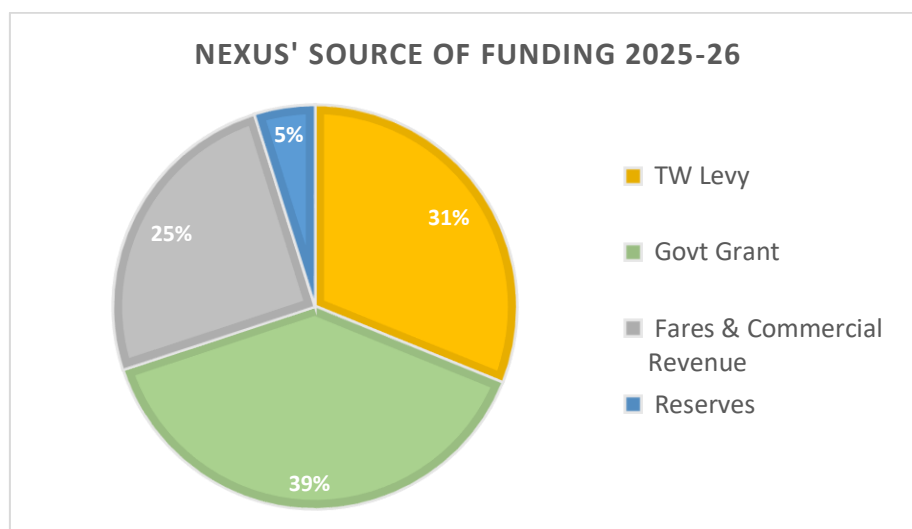
Background

1. Nexus is the Passenger Transport Executive (PTE) for Tyne and Wear. Its ownership of the Tyne and Wear Metro means it carries a wide range of responsibilities including being a train operating company and infrastructure manager. In addition to operating the Metro, Nexus also operates the cross Tyne Ferry service as well as securing around 20% of the bus market within Tyne and Wear. Nexus also provides public transport information in written and digital form as well as owning and operating bus infrastructure. Nexus employs 1,100 people in pursuit of the services it delivers.
2. The North East Transport Plan sets out objectives for transport across the region and Nexus is tasked by the North East Mayor and North East Combined Authority to deliver the policies and objectives set out in the Plan, with a focus on:
 - Planning journeys/ informing users/ supporting customers;
 - Ticketing and fares;
 - Reach and resilience of infrastructure;
 - Safety, especially of women and girls, and other improvements in service quality; and
 - Connections between different transport types.
3. The North East Local Growth Plan sets out over-arching regional objectives, within which good public transport plays an enabling role. The five key themes outlined by the North East Combined Authority within the North East Local Growth Plan are:
 - The home of real opportunity;
 - A North East we are proud to call home;
 - Home to a growing and vibrant economy;
 - Home of the green energy revolution; and
 - A welcoming home to global trade.
4. These commitments are also supported by a series of transport-based Manifesto pledges made by the North East Mayor, which Nexus contributes to.
5. Nexus' mission is 'by working together, we will make public transport great for the environment, our economy and our communities'. Its Corporate Business Plan is built around five core themes – safety always, customer service, our people, innovation & growth and sustainability, and it aligns with the regional objectives set out in the North East Transport Plan and North East Local Growth Plan, meaning its outputs are vital in enabling economic growth, connections to jobs, skills and education, and achieving the Mayor's ambitions.
6. Nexus requires adequate funding to ensure the availability of the assets and resources it needs to deliver the following services that underpin over 40 million journeys in our region each year:
 - 360 scheduled Metro services per operational day (on average);
 - Maintenance of the Metro network - mixed fleet, overhead line, track, structures, tunnels, communications equipment;
 - 170 secured bus service contracts (including schools / works services) which provide socially necessary links;
 - 60 scheduled ferry crossings per operational day (on average);
 - Smart ticketing and the provision of public transport information;
 - Management of 6 major bus stations and interchanges, and 6,000 bus stops and shelters; and
 - Delivery of major investment programme across modes including the delivery of the new Metro fleet and signalling system, an extension to Washington, the replace of a ferry landing.

7. In addition, as the travel concession authority for Tyne and Wear, Nexus has a responsibility to fund the reimbursement of 27 million concessionary travel journeys per annum for young persons, the elderly and disabled.

Proposal

8. Nexus' gross expenditure requirement in the current year is £225.7m. Over two-thirds of Nexus' gross expenditure requirement relates to the operation of the Tyne and Wear Metro, with almost 17% relating to concessionary fares and 12% for the provision of bus services and infrastructure. Nexus' funding comes from four main sources as the following chart shows:



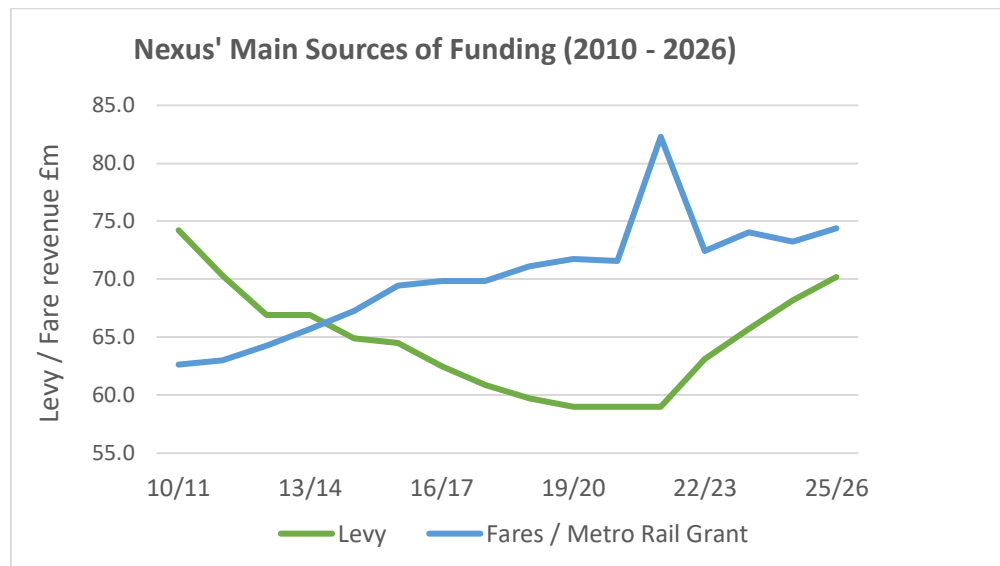
9. There is a significant reliance on reserves (£10.9m), which was also the case before the Covid pandemic, when in January 2020 the North East Joint Transport Committee (JTC) acknowledged that whilst Nexus had presented a balanced budget for 2020-21, deficits of £3.7m and £6.5m were forecast in the following two years.
10. At that time, the JTC was also advised that Nexus had managed successive reductions in grant from the Tyne and Wear transport levy for a decade. Despite these reductions, which amounted to £15.2m, Nexus generated a cumulative surplus of £11.0m, of which £7.0m had been invested in transport infrastructure, with the balance held in reserves, available to support frontline services. The JTC heard that this had been possible because of a combination of factors, namely:
- Prudent financial management and the ongoing delivery of efficiency savings;
 - Growth in Metro fare revenue;
 - Growth in DfT Metro Rail Grant;
 - A relatively stable secured bus network; and
 - A reduction in concessionary fares patronage.
11. The Covid pandemic changed the financial landscape that Nexus had previously operated in:
- The reduction in Metro patronage (and fare revenue) that Nexus suffered during the pandemic hasn't recovered, with Nexus budgeting £44.9m in 2025-26, some £0.5m less than budgeted for in 2020-21, prior to Covid;
 - This means that the Tyne and Wear transport levy now part funds the delivery of Metro operations, whereas before the pandemic, Metro's funding came exclusively from a combination of DfT Metro Rail Grant, fares and commercial revenue; and

- To compensate, the Tyne and Wear transport levy has increased during this period from £59.0m payable to Nexus in 2020-21 to £70.2m in 2025-26, a positive movement of 19.0% (although it should be recognised that RPI inflation during this period was a cumulative 37.5%).

12. During the pandemic, Nexus received £53.9m from DfT for Metro operations in the form of Light Rail Revenue Recovery Grant (LRRRG) to compensate for a reduction in fare and commercial revenue. Nexus also received two further tranches of grant funding from DfT in March 2022 and March 2023 amounting to £6.3m in total. Other support was received in connection with secured buses and energy costs.

13. This financial support has enabled Nexus to protect services as well as increase its reserves, which are now being applied to support the medium-term financial plan (£0.5m was applied in 2023-24 and £4.7m was applied in 2024-25).

14. The following chart shows Nexus' main sources of funding since 2010



15. This illustrates the additional support received from DfT referred to in paragraph 12, and shows how the Tyne and Wear transport levy has increased since 2020-21. However, what is also evident is that the Tyne and Wear transport levy is less than it was in 2010 when it was £74.2m against the 2025-26 value of £70.2m, an estimated £56m reduction in real terms.

16. As highlighted in paragraph 10, in line with the experiences of the local authorities who provide grant funding to the North East Combined Authority and Nexus, Nexus has responded to the challenges of austerity. Since Covid, maintaining those key services referred to in paragraphs 6 and 7 has been a priority, and has been possible because of efficiency savings, both cash and non-cash. Whilst the focus has traditionally been on cost control and doing more for less, Nexus is now also focusing on income generation.

17. Specific, but not exhaustive examples of actions taken to reduce costs and improve efficiencies include:

- During the current budget round, Nexus has undertaken a zero-based approach to scrutinise every line of expenditure across the organisation and to realign budgets where there has been duplication and/or a lack of clarity regarding cost drivers.

- A review of personnel has resulted in a reduction in headcount through the removal of certain posts as they have become vacant in several directorates. Also, additional responsibilities have been absorbed within current establishment e.g. skilled maintainers transferring from rail operations to maintain bus infrastructure without backfill, and multi-skilling customer relations teams to prevent growth in this staffing cohort. Significant changes to training processes and protocols have also allowed the learning and development team to deliver far more within the same resource;
- Contract and service specifications have been revised to respond to the increase in market costs, with two recent external examples reducing costs by £0.207m in next year's budget. Reductions in the cost of internal audit and insurance, whilst still obtaining the appropriate cover and assurances have totalled £0.141m. Consolidation of ICT contracts and proactive hardware replacement has resulted in an annual saving to the base budget totalling £0.234m. Also, data led negotiations with bus operators reduced the level of concessionary fares reimbursement by an estimated £0.543m next year;
- Insourcing certain activities has improved value for money. Recent examples include the internal development of ICT systems using the Microsoft platform rather than incurring development, licensing and whole life costs for discrete external systems, estimated at £0.360m, whilst insourcing business resilience saved a minimum of £0.030m. In addition, claims handling transferring in-house has saved an estimated £0.425m over the past five years, with a planned £0.050m reduction in next years budget;
- There has been extensive focus on process simplification and increased efficiency to deliver more, despite increasing cost pressures. For example, in the infrastructure directorate, risk-based maintenance, remote condition monitoring, improved access planning and drone analysis allow us to understand our assets better, plan our works more effectively and focus resources in the areas that have best impact on performance. We are also changing the approach to vehicle allocation to ensure greater efficiency in travelling to site and between jobs to support greater productivity and utilisation. In the commercial directorate, we are taking advantage of recent changes in procurement legislation, as well as challenging traditional routes to market to introduce more agile methods to reduce time and cost. In customer services, we are trialling Co-pilot to improve efficiency;

18. Specific but not exhaustive examples of actions taken to reduce protect revenue, generate income and invest to save initiatives include:

- Our revenue protection strategy has led to a reduction in fraudulent travel year and year, with an estimated 120,000 additional journeys per annum now being paid for, which equates to circa £0.170m in additional revenue. We have also issued an additional 1,512 penalty fare notices, which has generated further income of £0.075m this year. We are also introducing more gate lines at Metro stations, with Regents Centre to be installed before the end of 2025-26, something that will improve safety and continue tackling fare evasion.
- Income generation relies on performance, and much is being done in that space for Metro with improvements in punctuality and reliability, the implementation of the new fleet and preparations to renew the signalling system. We are also preparing new ticketing products and timetables to maximise the benefits of the relocation of HMRC and other government departments into Newcastle City Centre, reviewing and digitising car parking charging to attract customers and reduce cash collection costs, utilising our Learning Centre to host conferences and offer room bookings and progressing Metro merchandising. Paragraph 24 shows the expected growth in Metro fare revenue over the medium term.
- Investment is also being made in certain areas to generate ongoing savings in future years. For example, the procurement of digital advertising boards to provide a long-term revenue stream of £0.088m per annum, refurbishment of retail units on the Metro network to attract and retain

tenants and generate a higher income in future years e.g. Regents Centre. Other examples include the ongoing adoption of LED lighting at stations, the procurement of a second-hand rail grinding machine to avoid significant specialist plant hire costs and participation in an early payment supplier discount scheme, consistent with how local authorities within the region have benefited from such an initiative.

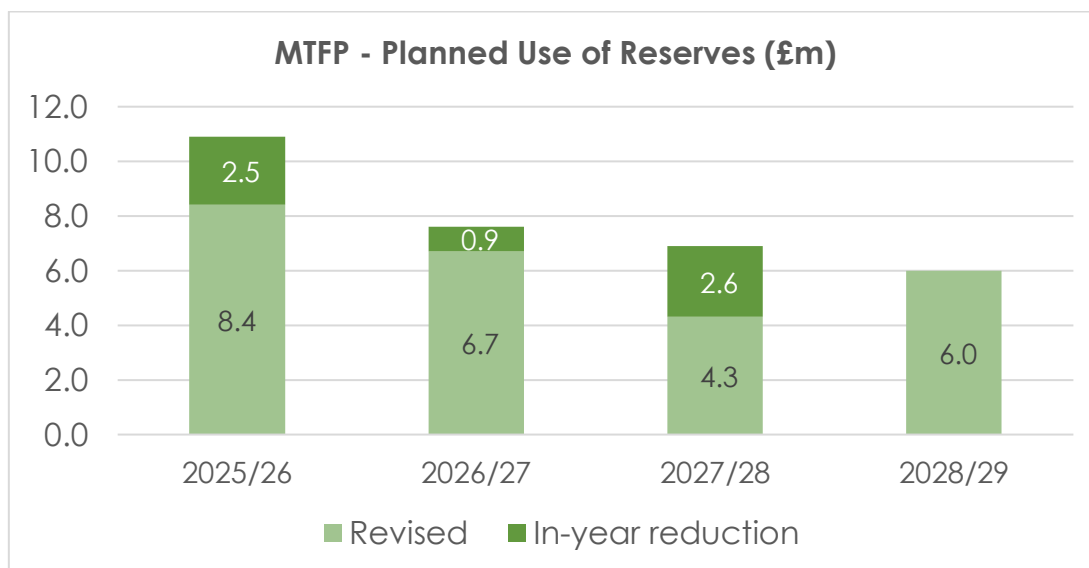
Budget and Medium-Term Financial Plan

19. Following a refresh of the MTFP, the proposal is to stretch the £25.4m of reserves previously set aside to underpin the MTFP for a further year to 2028-29, pending structural changes that might evolve.

20. This re-allocation of reserves has been possible for several reasons:

- Efficiencies being delivered as outlined in paragraphs 17 and 18;
- Metro fare revenue is outperforming budget in the current year (having taken £4.0m out of the base and accommodated pushing the 2025 fares review back three months);
- Since the NECA Cabinet in January 2025, it has been confirmed that the impact of the increase in employer National Insurance Contributions (NICs), as they relate to Nexus employees, will largely be funded (albeit this issue has caused cost increases in Nexus' supply chain); and
- Interest on cash balances continues to outperform expectations due to the Bank of England base rate trending above previous estimates.

21. The graph below shows the changes in the planned use of reserves and the expected level of reserves needed in 2028-29.



22. Nexus' MTFP has the following assumptions built in:

- The Tyne and Wear transport levy will increase by 3.0%;
- Metro Rail Grant (MRG) will be provided direct from the Combined Authority in future and will be indexed at 2.0% (this reflects previous discussions with DfT, as opposed to Nexus' real indexation need)
- Metro fares will be subject to a review, with revised fares, broadly keeping pace with inflation being introduced from April 2026

- Metro patronage will grow, in line with forecasts relating to the new fleet being fully implemented, a more robust timetable being introduced and other external factors e.g. growth in city centre office accommodation
- Inflation is 0.5% higher than previously assumed and major contracts are adversely affected by the Real Living Wage and NICs

23. Metro fare revenue is outperforming budget in the current year. As such, the budget for 2026-27 has been rebased. Assuming an inflationary increase in fares (subject to Cabinet's agreement) and an anticipated uplift in patronage driven by the full introduction of the new fleet, together with other factors e.g. revisions to the timetable (also refer to paragraph 18), Metro fare revenue factored into this MTFP is as follows:

	26-27	27-28	28-29
	£m	£m	£m
Base	45.8	49.9	53.5
Rebase (in-year betterment)	1.7	-	-
Fares Review	1.0	1.0	1.0
New Timetable	-	0.8	0.2
External Factors	1.4	1.8	0.3
Total	49.9	53.5	55.0

24. Further work is being undertaken in relation to the development of budget estimates for 2027-28 and 2028-29 to better inform the MTFP and these will be brought to the Cabinet in February 2026 (as well as the estimated outturn for 2025-26, once this has been finalised).

25. The table below shows the impact on Tyne and Wear Councils from a proposed 3.0% increase in the levy):

	2025-26	Proposed	Change	Change
	Levy	2026-27	(%)	£m
	£m	£m		
Gateshead	12.504	12.833	2.6%	0.329
Newcastle	19.589	20.291	3.6%	0.703
North Tyneside	13.297	13.609	2.3%	0.312
South Tyneside	9.373	9.582	2.2%	0.209
Sunderland	17.647	18.266	3.5%	0.619
Total	72.410	74.581	3.0%	2.172

Alternatives to a 3.0% levy increase

26. Two options, other than to increase the levy by 3.0% have been identified and discounted, if the stated aim is to protect services:

- Option 1 – consider impact of a levy freeze in 2026-27. This takes £2.1m out of the base (£6.3m across MTFP to March 2029); and
- Option 2 – increase the levy by 1.5% in 2026-27. This takes £1.0m out of the base (£3.1m across the MTFP to March 2029).

27. For both options, it is assumed that the levy would still increase in the remainder of the MTFP.

28. The opportunity to push the funding cliff edge back to April 2029 would be lost with Option 1 and to a lesser extent with Option 2, although with Option 2, the size of the deficit at this point would likely be unsustainable. With Option 1, deeper cuts would be needed before the existing cliff edge is reached i.e. before April 2028. The impact of this is discussed in paragraphs 33 and 34 below.

Protection of Key Services

29. The latest forecast for 2025-26 in respect of Nexus' revenue budget agreed by the Cabinet in January 2025 is set out below:

	Gross Exp⁴ £m	Commercial Revenue £m	Grants (excl Levy) £m	Net position £m
Statutory Concessions	34.0	(0.3)	-	33.7
Discretionary Concessions	3.3	(0.9)	-	2.4
Metro	151.8	(58.2)	(68.0)	25.6
Ferry	2.9	(0.7)	(0.2)	2.0
Bus Services	25.5	(5.6)	(9.0)	10.9
Bus Infrastructure	4.1	(0.7)	(0.4)	3.0
Public Transport Information	1.3	(0.3)	-	1.0
TOTAL	222.9	(66.7)	(77.6)	78.6
North East CA Grant / TW Levy				(70.2)
Deficit (reserves funded)				8.4

30. Paragraph 20 outlines reasons for the improvement in the forecast for 2025-26.

31. Continuing the strategy of using reserves to maintain services allows for improvements in service delivery to continue. For example, despite funding constraints, challenges arising because of the transition to the new fleet and other infrastructure that is past its expected useful life e.g. the signalling system, Metro performance in the current year has seen improvements in areas such as scheduled kilometres operated, punctuality and customer satisfaction.

32. Without funding increases assumed within the MTFP, it would be extremely challenging for improvements in performance to continue and the opportunity for positive interventions such as the introduction of a more robust timetable would be lost.

Challenges arising if levy funding does not increase and services are reduced

33. The services that Nexus provides are an integral part of the policy areas set out in the Local Transport Plan as they relate to public transport (travelling by metro, bus and ferry) and therefore make an invaluable contribution to the missions of the Combined Authority.

34. The challenges arising if levy funding does not increase and services are reduced are set out below:

- Most of the Metro cost base is fixed. Operating the Metro requires a certain number of drivers and high voltage power consumption to deliver the timetable. Although a diminution in the timetabled service will generate savings, this would be at the expense of a reduction in fare revenue. Similarly, whilst savings can be delivered through a reduction in customer services and security, this would have a negative impact on fare revenue. The control function is required irrespective of the number of services operated. In terms of maintenance of the network, whilst savings are possible, safety and operational implications would need to be carefully considered.
- The position in respect of the cross Tyne ferry service is even more problematic because of its scale. Savings in headcount to aid a reduction in service provision will call into question the

⁴Including central support service costs and overheads.

whole viability of the service because of minimum staffing levels. This would be counter to the investment North East CA has agreed to in respect of the relocation of the north landing.

- The English National Concessionary Travel Scheme (ENCTS) is a statutory function, and Nexus has no control over demand or cost. Discretionary concessions could be removed e.g. the concession for Under 16s, but this runs counter to the mayors' desire to improve fares for young people.
- In many respects, this would leave secured bus services as being the most susceptible to service cuts, although this would likely adversely impact disadvantaged communities.

Capital Programme

35. In January 2025 when Cabinet approved Nexus' capital programme (2025-26 to 2027-28), an estimated £221.1m of investment was planned through a combination of renewing life expired assets across the Metro network and the completion of the rollout of the new fleet of Metrocars, together with a range of other projects, some of which Cabinet noted at the time still needed to secure funding.
36. It is also the case that whilst grant funding for 2025-26 and 2026-27 for Metro asset renewals had been previously announced by the Department for Transport (£39.3m and £19.1m respectively), the expectation is that funding for 2027-28 (and beyond) will be instead provided to Nexus via the Combined Authority's Transport for City Regions (TCR) allocation.
37. In consultation with officers from the Combined Authority, Nexus has been working up a proposal that would attract grant funding from the Authority of £50.0 per annum across the timeframe of the TCR, necessary to not only provide surety of funding so that investment can be properly planned, designed, procured and delivered, but also to address a backlog in essential renewals that has grown since the eleven year funding agreement with DfT ended in 2021, and which because of the Covid pandemic, has resulted in annual funding settlements less than had been previously signalled.
38. Whilst indications are that Nexus' TCR allocation won't be confirmed until next Spring, Nexus has been working up proposals consistent with an allocation of £50.0m per annum being approved.
39. This has given Nexus additional confidence and it has continued to develop its work bank and the costs associated (renewable debt). Within this work bank, there are several sizeable projects which include inter alia, a continuation of track and overhead line renewals, renewal of high voltage power systems, and the replacement of lifts and escalators, all of which require significant lead times to successfully plan, design and procure ahead of delivery.
40. To support its application for funding from the TCR, Nexus has been asked to develop an outline business case. This will follow the standard five case model covering strategic, management, economic, financial and commercial arrangements.
41. In addition, the 2026-27 allocation, previously notified by DfT (£19.3m) will now be provided to Nexus by the Combined Authority from within the TCR allocation.
42. The remainder of Nexus' capital programme will cover the residual investment in the new Metro fleet, together with enhancements e.g. additional gate lines at Metro stations, smart ticketing, enhancements to the cross Tyne Ferry, as well as new and improved bus infrastructure, all of which improve the reach and resilience of infrastructure, improve safety, especially of women and girls, enable better ticketing for journey planning, informing and supporting customers, and to improve connections. Where such initiatives are not yet funded, separate funding applications will be submitted to the North East Combined Authority and where applicable, other funding bodies.

Appendix B – Summary of Reserves

The table below sets out a summary of the forecast reserves position at 31 March 2026.

Reserve	Reserve at 1 April 2025	Forecast 31 March 2026
	£m	£m
Unallocated – General Fund	16.394	27.841
Strategic Capacity Reserve	5.760	5.760
Bus Reform Reserve	8.027	5.891
Election Reserve	3.000	3.000
Enterprise Zones	9.291	9.291
Nexus – Metro Asset Renewal Programme	9.063	9.380
Nexus – Metro Fleet Replacement	11.355	11.753
Pensions Triennial Valuation	1.100	2.100
Tyne Tunnels Reserve	9.946	9.946
Metro to Washington	8.529	7.729
Capital Grants Unapplied	275.122	275.122
Revenue Grants Unapplied	124.484	124.484
Total Usable Reserves	482.071	486.406

Appendix C – draft functional responsibilities

Integrated Settlement Functional Responsibilities

The scope of the Integrated Settlement is made up of thematic policy areas ('themes') which remain consistent across SRs. Each theme is defined by specific ('functional') responsibilities, confirmed at each SR, setting out the specific devolved responsibilities MSAs have under these themes.

Theme	Functional Responsibilities for 2025-26	Functional Responsibilities for SR25
Economic development and regeneration	Activity that promotes place-based economic development, improves productivity, and aims to reduce inter-and-intra regional spatial economic disparities.	Activity that promotes place-based economic development including growth in the visitor economy, improves productivity, and aims to reduce inter-and-intra regional spatial economic disparities.
	Coordination and delivery of local programmes to drive business productivity whilst ensuring integration between local and national business support activity, enabling businesses to access support.	No change
	Regeneration, place-making, and improvements to local infrastructure.	No change
	Activities that promote pride in place, including but not limited to measures to improve social cohesion, the improvement of public facilities and the public realm, for instance on high streets.	No change
Transport and local infrastructure	Oversight and delivery of the area's transport strategy. This includes developing local transport plans and considering how transport will support wider objectives such as employment, housing and net zero.	No change
	Working with their Local Highway Authorities on delivery of local transport capital projects, including but not limited to highways maintenance and small-scale renewals as well as transformational local projects. This excludes strategic national transport infrastructure.	No change
	Managing local public transport services, including but not limited to the local bus network, mass transit, local rail integration,	No change

	integrated multimodal fares, network information and branding, promoting safety and tackling anti-social behaviour.	
	Delivery of the local active travel strategy and schemes.	No change
	Strategic oversight of the local road network and promotion of road safety.	No change
	Undertaking scalable, feasible, and tangible transport innovation, including trialling new transport-related products and processes, improving existing services via technological upgrades, and implementing regulatory changes or best practice.	No change
Skills and Employment Support	<p>All non-apprenticeship adult skills funding and functions, including but not limited to:</p> <ul style="list-style-type: none"> • Ensuring that residents aged 19 and over in their area, who are eligible for funding, have access to appropriate education and training • Encouraging and providing adults with the skills and learning they need to equip them to progress into, or within, work; or equip them for an apprenticeship or other learning • Provision of statutory entitlements to provide free courses for adults <p>Responsibility for supporting disabled people, people with long-term health conditions, and other agreed disadvantaged groups with complex barriers who are economically inactive, or at high risk of becoming economically inactive, to sustain work through delivery of supported employment.</p>	<p>All non-apprenticeship adult skills funding and functions, including but not limited to:</p> <ul style="list-style-type: none"> • Ensuring that residents aged 19 and over in their area, who are eligible for funding, have access to appropriate education and training • Encouraging and providing adults with the skills and learning they need to equip them to progress into, or within, work; or equip them for an apprenticeship or other learning • Provision of statutory entitlements to provide free courses for adults <p>Working with employers and education providers in the construction sector to deliver bespoke training and increase provision to grow the local construction workforce.</p>

	<p>DWP and the CA will work together on the design of how the new national Jobs and Careers Service will work in their area, and management of wider employment support, to deliver an integrated and locally responsive system that maximises outcomes for residents and employers.</p>	<p>Ensuring that residents who are over compulsory school age but under 19 or who are aged 19 or over, and for whom an Education, Health and Care plan is in place, have access to suitable education and training (sufficiency of places).</p> <p>Leadership and co-ordination and provision of services in the area to support young people (aged 19+) who are NEET, or who are at risk of becoming NEET, to access skills support which enables them to move into education, employment or training.⁵</p> <p>Responsibility for supporting disabled people, people with long-term health conditions, and other agreed disadvantaged groups with complex barriers who are economically inactive, or at high risk of becoming economically inactive, to sustain work through delivery of supported employment. [No change]</p> <p>DWP and the CA will work together on the design of how the new national Jobs and Careers Service will work in their area, and management of wider employment support, to deliver an integrated and locally responsive system that maximises outcomes for residents and employers. [No change]</p>
Housing and strategic planning	Regeneration via enabling and improving local housing supply.	No change
	Delivery of capital investments to unlock additional housing and regeneration.	No change

⁵ To note, we have included a new Functional Responsibility for provision for people not in education, employment or training (NEET). This is to reflect that MSAs have previously used local growth funding to support this cohort; there is not a new funding line linked to the responsibility.

	Remediation and development of brownfield sites.	No change
Environment and climate change	Retrofitting social housing; and all other residential buildings focusing on households at risk of fuel poverty in the local area.	<i>TBC subject to Ministerial clearance</i>
	Decarbonising public sector buildings managed by the MCAs or their constituent authorities and, where deemed reasonably practicable by the DESNZ Secretary of State, by wider public sector actors.	<i>TBC subject to Ministerial clearance</i>
	[No previous wording]	Overseeing the Local Nature Recovery Strategy to coordinate action, funding and monitoring for nature recovery and wider environmental delivery across the range of delivery partners in the region.
Health, Wellbeing and Public Service Reform	[No previous wording]	<i>TBC subject to Ministerial clearance</i>

Appendix D: Funds confirmed in scope of Integrated Settlement

Pillar	Funds in scope (quantum unknown unless otherwise stated)
Housing and Strategic Planning	National Housing Delivery Fund (NHDF) – Programme designed to boost housing supply. This includes funding for land remediation and is expected to be complementary to funding available through the National Housing Bank. MHCLG and Homes England will work with Mayors and local partners to understand priorities for this investment and will set out further detail on funding later this year.
Economic Development and Regeneration	Investment Zones – Funds to facilitate investment zones Local Growth Fund – successor funding to UKSPF, Levelling Up Fund and Towns Fund. Creative Places Regional Growth Fund – funds to boost creative industries. £25m over 3 years allocated to North East CA. Growth Hubs – services to support businesses Made Smarter – fund to support manufacturing/engineering businesses
Skills and Employment Support	Skills Bootcamps – Employability skills Adult Skills Fund – Funds to gain new employment skills. Includes what was previously called the Adult Education Budget and Free Courses for Jobs. Connect to Work – a programme helping disabled and disadvantaged people find sustainable work. £50 million over 4 years.
Transport and local infrastructure	CRSTS (2026-27) – City Region Sustainable Transport Funding TCR (Transport for City Regions) – formerly referred to as CRSTS2 – next round of city transport funding is £1,849 million over 7 years. Bus Grant – grant to support local bus services, successor to Bus Service Improvement Plan (BSIP) and Local Transport Authority Bus Service Operators Grant (LTA BSOG) Commercial BSOG – grant to support operators and their fuel costs Active Travel Fund – funds walking and cycling infrastructure Active Travel Capability Fund – supports local authority planning for active travel Local Electric Vehicle Infrastructure Fund (LEVI) – funds electric vehicle charging points and we have received £15.8 million. Rail Admin Grant, Nexus Metro Asset Renewal for 2026-27, Nexus Operations Grant (MRG)
Environment and Climate Change	Local Nature Recovery Plan

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Title:	Budget Monitoring Update 2025-26 Quarter 2
Portfolio:	Finance & Investment
Responsible Director:	Mags Scott, Director of Finance & Investment
Report Author:	Eleanor Goodman, Head of Finance Noel Kay, Strategic Finance Business Partner

Purpose of the report

The purpose of this report is to present the Mayor and Cabinet a review of the 2025-26 budget plan at the end of the second quarter (1 April to 30 September 2025), showing the updated forecast spend for the corporate budget and delivery programmes.

The report also provides a review of Treasury Management at the mid-year point, with a summary of the North East CA's treasury position, borrowing activity, investment activity, treasury management and prudential indicators as of 30 September 2025 and an overview of activity during the first six months of 2025-26.

The report includes a statement of the North East CA's reserves, based on the closing financial outturn set out in the 2024-25 unaudited statement of accounts.

Recommendations:

Cabinet is recommended to:

1. Note the updated budget position for 2025-26.
2. Note the Treasury Management mid-year update setting out the position on 30 September 2025
3. Note the current value of reserves, based on the unaudited 2024-25 final accounts for North East Combined Authority.

Executive Summary – Budget position

The report provides the second update on forecast spend at the end of the second quarter against the overheads (organisational running costs) and service delivery plans for the 2025-26 financial year.

Overall, expenditure against the overheads budget is forecast to show a saving against the original budgeted spend for the year, as there is an improvement in recharging overhead costs to service delivery and a reduced expectation to utilise contingency budgets. In addition, the position still reflects higher than budgeted level of income due to increased interest on short term investments of cash balances. The net saving against budget is now forecast as £14.6m, made up largely of an additional forecast £12.5m interest income, an additional £2.2m costs taken directly to projects and £0.3m forecast reduction in expenditure.

The forecast outturn on service delivery programmes is £259.2m revenue against a revised programme budget (based on Q1 forecasts reported to the last meeting of Cabinet) of £261.1m, and £307.9m capital against a revised capital programme of £271.4m, an increase attributable mainly to Nexus Asset Renewal and UK Shared Prosperity Fund (UKSPF) capital grants.

A. Context

1. Background

- 1.1. The original budget for 2025-26 was set by Cabinet in January 2025, and this was set out again in the report to Cabinet in July.
- 1.2. The initial budget for running costs and some direct delivery totalled £22.3m. This was revised to £20.9m after moving direct delivery spend out of overheads and into the service delivery plan to more appropriately reflect the nature of the investment; and to reflect the in-year impact of the

senior level staff restructure by transferring budget from corporate contingencies. Further non-programme costs, primarily transport levy grants, capital financing costs and corporate contingencies, now total £99.9m (down from £101.6m).

- 1.3. After the revisions referred to in paragraph 1.2, the total non-service delivery budget is £120.8m. This is funded through transport levies, Tyne Tunnels toll income, interest on investments, contributions from local authorities and from government grant funding.
- 1.4. The initial service delivery plan for 2025-26 reflected a budgeted programme of works totalling £576.9m, funded by government grants, and reserved funds received in previous years. This was revised to a forecast of £516.962m after the first quarter's review.
- 1.5. This report sets out the position based on forecast information at the mid-point of 2025-26 (30 September 2025).

2. Corporate Budget Position

- 2.1. The forecast position against directorate corporate overhead budgets shows an overall a saving of around £1.7m against the expenditure budget. This projection is based on the revised CA staffing structure following senior leadership restructure and other changes in 2025-26, with the costs of these restructures to be funded by £1.2m of the £2m contingency set aside in the original budget for this purpose. The forecast for employee costs includes the costs of the 2025-26 local government pay award and the cost of the senior management restructure, both costs being met from the contingencies held for this purpose. Amounts previously included within this budget relating to costs of delivery for directly delivered programmes of activity are now mainly reported as service delivery programmes, along with the project recharges funding.
- 2.2. As set out in the quarter 1 report, interest income is anticipated to be significantly higher than originally budgeted, due to interest rates remaining higher for longer than anticipated at the time of developing the original budget, and cash balances being higher than forecast. Interest is now expected to reach similar levels to 2024-25, with a total forecast of £19.3m, of which £13.5m has already accrued during the period from 1 April to 30 September 2025. The original budget was £6.8m for the full year.
- 2.3. The forecast for service delivery programmes is set out in Appendix 2, with a total of £264.1m revenue and £307.9m capital programmes now forecast, a revised budget of £261.1m revenue and £271.4m capital.
- 2.4. This compares to a forecast spend of £258.4m revenue and £258.6m capital estimated at the end of Q1, when significant forecast reductions in-year on various capital schemes were reported.
- 2.5. The capital programme has been reviewed at the end of Q2 to assess likely spend profiles across all projects and the forecast expenditure in 2025-26 is shown in Appendix 2. The significant change to note when compared with the revised budget and the Q1 forecast is the inclusion of £39.3m Transport for City Regions funding which, as set out in the North East CA's Deeper Devolution Deal, has been brought forward from the region's allocation to fund Metro Asset Renewal in 2025-26 (£39.3m) and 2026-27 (£19.1m) and £12.717m UK SPF capital grant which was not previously included.
- 2.6. The initial programme for 2026-27 and future years will be presented as part of the draft budget proposals to Cabinet which are set out in a separate report on this agenda.

3. Treasury Management

- 3.1. The treasury management mid-year position for 2025-26 is set out in detail at Appendix 3 to this report. It provides a summary of the (North East CA's) treasury position, borrowing activity, investment activity, treasury management and prudential indicators as of 30 September 2025 and an overview of activity during the first six months of 2025-26.
- 3.2. The mid-year borrowing update shows that no new borrowing has been taken out during the first six months of the year, with the only change to borrowing being regular repayments on equal instalment of principal (EIP) loans.
- 3.3. The mid-year investment update shows that balances held in short term deposits and on-call accounts at 30 September 2025 totalled £540.0m.

4. Strategic Outlook and Reserves

- 4.1. Cabinet will be aware that whilst the 2024-25 financial outturn statements for the Authority have prepared, the accounts have yet to be audited, with this work scheduled to take place from November to January. The unaudited accounts include reserves carried forward into 2025-26 and these are set out in Appendix 4.
- 4.2. The vast majority of the reserves held by the authority (£465.667m of a total usable reserves balance of £482.071m) are held for specific programmes (allocated through the political decision making process) and grant activity (described as earmarked or ringfenced reserves) but the CA also holds an unallocated General Fund balance which is not earmarked for specific purposes. That General Fund totalled £16.4m at 1 April 2025 and is forecast to be £27.8m by 31 March 2026.

5. Conclusion and next steps

- 5.1. The corporate overheads and service delivery budgets will continue to be monitored during the remainder of the financial year, with the next update (quarter 3) being presented to Cabinet at its meeting on 17 March 2026.
- 5.2. The next update on treasury management and reserves will be in the 2025-26 final outturn which will be presented to Cabinet in July 2026.

B. Impact on North East Combined Authority Objectives

Financial governance and stewardship underpins the delivery of all of the North East CA's objectives.

C. Key Risks

There are no key risks arising from this report which is for information.

D. Corporate Implications

D.1. Finance and other resources implications

There are no specific finance and other resources implications arising from this report. This is a financial report with associated implications set out in the detail of the report.

D.2. Legal implications

The Authority is required to agree a balanced budget annually and to monitor performance against that budget throughout the year. The Authority must also make provision for an adequate level of

un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

D.3. Equalities implications

There are no direct equalities implications arising out of the recommendations in this report.

D.4. Consultation and engagement

The 2025-26 budget was subject to wide consultation across the North East and developed from close collaborative working across the local authorities and a wide range of stakeholders. Engagement continues among key stakeholders across the region.

E. Appendices

Appendix 1 – Corporate Overheads Q2 Forecast 2025-26

Appendix 2 – Service Delivery Programmes Q2 Forecast 2025-26

Appendix 3 – Treasury Management mid-year update 2025-26

Appendix 4 – Summary of reserves 2025-26

Appendix 5 – Quarterly Performance Pack update 2025-26 Q2

F. Background papers

2025-26 Budget and Corporate Plan and the Medium-Term Financial Plan – [Cabinet 28 January 2025](#)

2025-26 Q1 Budget Update – [Cabinet 23 September 2025](#)

G. Glossary

None

Contact officer(s)

Eleanor Goodman, Head of Finance, eleanor.goodman@northeast-ca.gov.uk

Noel Kay, Strategic Finance Business Partner, noel.kay@northeast-ca.gov.uk

Appendix 1 – Corporate Overheads Forecast at Quarter 2 2025-26

	Directorate Budget	Directorate Forecast	Variance	Corporate Items Budget	Corporate Items Forecast	Variance	Overall Variance
	£m	£m	£m	£m	£m	£m	£m
Employees	14.999	16.394 ¹	1.395				1.395
Admin Costs	3.322	2.938	(0.384)				(0.384)
Cost of Delivery	2.753	0.695	(2.058)				(2.058)
Contingency	1.251	0.551	(0.700)	5.683	3.966	(1.717)	(2.417)
Central Support				8.789	8.789		
Transport Levy Grants				87.173	87.173		
Expenditure Total	22.325	20.577	(1.747)	101.645	99.928	(1.717)	(3.464)
Grant Top-Slice				(10.291)	(10.038)	0.253	0.253
Grant Funding	(5.638)	(2.652)	2.986				2.986
Recharges to Projects	(3.100)	(4.943)	(1.843)				(1.843)
Interest				(6.800)	(19.309)	(12.509)	(12.509)
Transport Levies				(89.356)	(89.356)		
Income Total	(8.738)	(7.595)	1.143	(106.447)	(118.703)	(12.256)	(11.113)
Overheads Net Total	13.587	12.982	(0.604)	(4.802)	(18.775)	(13.973)	(14.577)
Funding towards Capital Financing costs from Tyne Tunnels tolls				(8.785)	(8.785)		
Grand Total	13.587	12.982	(0.604)	(13.587)	(27.560)	(13.973)	(14.577)

¹ The Directorate forecast includes amounts which are included in the Contingency budget which relate to the 2025-26 local government pay award and the costs of the senior management restructure.

Appendix 2 – Service Delivery Forecast Quarter 2 2025-26

	Revised Budget (£m)	Forecast at Q1 (£m)	Forecast at Q2 (£m)	Variance against Revised Budget (£m)	Variance against Q1 forecast (£m)
Revenue Programmes:					
Investment Fund Revenue	21.279	19.122	22.915	1.636	3.793
UK Shared Prosperity Fund	16.855	16.854	15.772	(1.083)	(1.082)
Employability	14.154	13.870	14.154	0.000	0.284
Adult Skills Fund	95.129	95.139	95.129	0.000	(0.010)
City Region Sustainable Transport Settlement Revenue	14.910	10.000	10.000	(4.910)	0
Bus Service Improvement Plan Revenue	55.624	55.624	55.624	0.000	0
Tyne Tunnels	33.402	34.617	34.617	1.215	0
Other Revenue (less than £10m)	9.737	13.155	10.966	1.229	(2.189)
Total revenue programmes	261.090	258.381	259.177	(1.913)	0.796
Capital Programmes:					0
Brownfield Housing Fund Capital	29.336	29.336	29.168	(0.168)	(0.168)
Crown Works Trailblazer	24.189	24.189	17.205	(6.984)	(6.984)
Investment Fund Capital	13.952	13.952	13.539	(0.413)	(0.413)
Investment Zones Capital	15.626	15.626	13.345	(2.281)	(2.281)
UK Shared Prosperity Fund Capital	0.000	0.000	12.717	12.717	12.717
Highways Maintenance and Integrated Transport Block	95.247	95.247	95.247	0.000	0
City Region Sustainable Transport Settlement Capital	18.700	18.700	18.700	0.000	0
Bus Service Improvement Plan Capital	16.000	16.000	16.000	0.000	0
Transforming Cities Fund Capital	10.000	10.000	10.000	0.000	0
Active Travel Fund Tranches 2-5 Capital	15.910	9.134	9.250	(6.660)	0.116
Nexus – Metro Asset Renewal (From TCR allocation)	0.000	0.000	39.300	39.300	39.300
Other Capital (less than £10m)	32.405	26.397	33.449	1.044	7.052
Total Capital Programmes	271.365	258.581	307.920	36.555	49.339
Total (all Programmes)	532.455	516.962	567.097	34.642	50.135

Appendix 3 – Treasury Management Mid-Year Update 2025/26

Summary

This appendix provides information on the treasury management mid-year position for 2025/26.

A. Context

1. Background

- 1.1 Treasury management is defined as ‘the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks’.
- 1.2 The combined authority operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.
- 1.3 The second main function of the treasury management service is to arrange the funding of the combined authority’s capital programme. The capital programme provides a guide to the borrowing need of the combined authority, and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and, occasionally, debt restructuring to meet combined authority risk or cost objectives.
- 1.4 The North East CA adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of the combined authority’s capital expenditure plans and its Prudential Indicators (PIs). This requires that Members agree the following reports, as a minimum:
 - a) An annual Treasury Management Strategy in advance of the year (reported to and approved by the North East Combined Authority on 28 January 2025).
 - b) An annual review following the end of the year describing the activity compared to the strategy (reported to Cabinet with the outturn on 22 July 2025 in respect of the 2024/25 financial year);
 - c) A mid-year Treasury Management Review report, covering the first six months of this financial year, to 30 September 2025 (this report).
- 1.5 This mid-year report provides a summary of the following:
 - a) Summary treasury position – position as at 30 September 2025 and comparator information for the period at 1 April 2025;
 - b) Borrowing activity during the first six months of the current financial year and an overview of the position as at 30 September 2025;
 - c) Other debt activity/long term liabilities at 30 September 2025;
 - d) Investment activity and details of investments held at 30 September 2025;
 - e) Treasury management indicators – performance against the key indicators adopted; and
 - f) Prudential code indicators – performance against the key indicators adopted.

2. Summary Treasury Position

- 2.1 The North East CA’s debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.

- 2.2 At the beginning and mid-point of 2025/26, the combined authority's treasury position was as follows:

	1 April 2025 Actual	Rate/Return	30 September 2025 Actual	Rate/Return
	£ million	%	£ million	%
Total Debt	124.000	4.19	123.667	4.19
Total Investments	490.000	4.63	540.027	4.24
Net Debt	(366.000)		(416.360)	

- 2.3 As at 30 September 2025, the combined authority had £123.667 million of external borrowing and £540.027 million of cash balances invested.

3. Borrowing Activity

- 3.1 At 30 September 2025, the combined authority held £123.667 million of external loans, a net decrease of £0.333 million from the beginning of the year. This decrease represents the regular principal repayments on equal instalment of principal (EIP) loans. The mid-year borrowing position and the change since the start of the year is shown in the following table:

	1 April 2025	In-year movement	30 September 2025	Average Rate
	£ million	£ million	£ million	%
Public Works Loan Board	79.000	(0.333)	78.667	4.10
Private Sector	45.000	0.000	45.000	4.38
Total Borrowing	124.000	(0.333)	123.667	4.21

- 3.2 The combined authority's chief objective when externally borrowing has been to strike an appropriate risk balance between achieving cost certainty over the period for which funds are required and securing low interest costs.
- 3.3 There has been no new borrowing taken out or early repayment of borrowing during the first six months of the financial year.

4. Investment Activity

- 4.1 The combined authority continues to temporarily invest cash balances, representing monies received in advance of expenditure plus balances and reserves held. During the period from 1 April 2025 to 30 September 2025, investment balances ranged between £490.000 million and £540.027 million.
- 4.2 As at 30 September 2025, the authority held investments totalling £540.027 million, including short term deposits and balances held in on-call accounts. The following table provides a breakdown of these investments split by the type of financial institution and maturity period.

Financial Institution	0-3 months	3-6 months	6-9 months	9-12 months	Total
-----------------------	------------	------------	------------	----------------	-------

	£ million				
Banks	141.046	140.000	50.000	43.000	374.046
Building Societies	0.000	0.000	0.000	0.000	0.000
Other Local Authorities	0.000	5.000	20.000	25.000	50.000
Debt Management Office	60.000	0.000	0.000	0.000	60.000
Money Market Funds	55.981	0.000	0.000	0.000	55.981
Total	257.027	145.000	70.000	68.000	540.027
% of total	47.6	26.9	12.9	12.6	

4.3 The Combined Authority's investment policy is governed by Ministry of Housing, Communities and Local Government guidance, which has been implemented in the annual investment strategy approved by the North East Combined Authority on 28 January 2025.

4.4 Both the CIPFA Code and government guidance require the Combined Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5. Treasury Management Indicators

5.1 There are three debt related treasury activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

Interest Rate Exposures: this indicator is set to control the authority's exposure to interest rate risk when borrowing. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal invested was:

	2025/26 Limit	30/09/2025 Actual £ million	30/09/2025 Actual %	Complied
Upper limit on fixed interest rate exposure	100%	123.667	100%	✓
Upper limit on variable interest rate exposure	70%	0.000	0%	✓

Maturity Structure of Borrowing: this indicator is set to control the authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	Lower Limit	Upper Limit	30/09/2024 Actual %	Complied
	%	%	%	
Under 12 months	0%	20%	0.54	✓
12 months to 2 years	0%	40%	0.00	✓
2 years to 5 years	0%	60%	0.00	✓
5 years to 10 years	0%	80%	4.04	✓
10 years and above	0%	100%	95.42	✓

Principal Sums Invested for Periods Longer than 364 days: the purpose of this indicator is to control the authority's exposure to the risk of incurring losses by seeking early repayment of its investments:

	Limit	30/09/2025 Actual	Complied
	£ million	£ million	
Actual principal invested beyond one year	20.000	15.000	✓

6. Prudential Code Indicators

- 6.1 The Local Government Act 2003 requires the authority to have regard to the Combined Authority to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.
- 6.2 The objective of the Prudential Code is to ensure, within a clear framework, that capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Combined Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Capital Expenditure: The table below summarises planned capital expenditure and financing when the 2025/26 budget was set in January 2025, and compares it to the estimated full year outturn position as at 30 September 2025.

	2025/26 Original Estimate £ million	30/09/2025 Estimate £ million	Difference £ million
Capital Programme	322.070	307.920	(14.150)
Financed by:			
Capital receipts	0.000	0.000	0.000
Capital grants	321.670	307.520	(14.150)
Revenue and reserves	0.400	0.400	0.000
Net borrowing financing need for the year	0.000	0.000	0.000

Actual Debt: The Combined Authority's actual debt at 30 September 2025 including finance lease and PFI liabilities, with comparator information at 1 April 2025, is as follows:

	1 April 2025 Actual £ million	30/09/2025 Actual £ million	Difference £ million
Borrowing	124.000	123.667	(0.333)
Finance Leases	0.866	0.808	(0.058)
PFI Liabilities	0.000	0.000	0.000
Total Debt	124.866	124.475	(0.391)

Operational Boundary: This is the limit beyond which external borrowing is not normally expected to exceed. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	2025/26 Estimate £ million	30/09/2025 Actual £ million	Complied
Borrowing	255.000	123.667	✓
Other long term liabilities	0.000	0.000	✓

Total	0.000	123.667
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Authorised Limit for external borrowing: This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	2024/25 Estimate	30/09/2024	Complied
	£ million	Actual £ million	
Borrowing	260.000	123.667	✓
Other long term liabilities	0.000	0.000	✓
Total	0.000	123.667	

7. Conclusion

- 7.1 The Combined Authority has complied with its Treasury Management Strategy 2025/26 for its half-yearly activity covering the period to 30 September 2025.

Appendix 4 – Reserves balances 2025/26

Reserves	Balance on Reserves at 1 April 2025
	£m
Unallocated Reserves;	
General Fund	16.394
Earmarked Reserves:	
Strategic Capacity Reserve	5.760
Bus Reform Reserve	8.027
Election Reserve	3.000
Enterprise Zones	9.291
Nexus – Metro Asset Renewal Programme	9.063
Nexus – Metro Fleet Replacement	11.355
Pensions Triennial Valuation	1.100
Tyne Tunnels Reserves	9.946
Metro to Washington	8.529
Capital Grants Unapplied	275.122
Revenue Grants Unapplied	124.484
Total Earmarked Reserves	465.677
Total Usable Reserves	482.071



North East CA Performance Pack

Reporting Period May - October 2024





- This programme performance pack has been developed to provide an overview at a programme level of:
 - Fund description and key progress updates in reporting period
 - Committed funding against the fund total value (where a Cabinet/ delegated decision has agreed funding against a business case)
 - Forecast expenditure by year
 - Forecast outputs
- It is acknowledged that the portfolio plans include a pipeline of activity and there will likely be a significant call on funds currently shown as ‘uncommitted’. Pipeline activity in development is referenced in the supporting narrative.
- Implementation of the risk management process for investment programmes is underway with risk reporting to be included from Q3.
- Actual expenditure and output figures will be reported when achieved.

Overview of CA funds



Executive Summary

Since its inception in May 2024 the North East CA Cabinet has approved 16 proposals totalling £159m of funding from the NECA Investment Fund, Early Capital Regeneration, Investment Zones and Brownfield Housing. In addition, delivery of our Adult Skills programmes have continued and progression of schemes within Transport Capital and Revenue programmes is well underway. During this period, the CA has also focused on establishing robust approval, contract management and reporting processes. This includes operationalising the Single Assurance Framework; developing business process documentation, clear guidance and delivery of staff training. The Risk Management Framework was agreed by Cabinet in September, the implementation of risk management process for investment programmes is underway with risk reporting to be included in performance reporting from Q3.

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Fund	Fund total	Committed	Uncommitted	Spend to date	% Committed	Reporting Period
Transport - Capital	£824,286,718	£824,286,718	£0	£33,730,000	100.00%	7 years (2020/21 – 2026/27)
Transport - Revenue	£108,200,000	£83,700,000	£24,500,000	£34,200,000	100.00%	6 years (2021/22 – 2026/27)
Brownfield Housing Fund	£49,214,534	£48,320,000	£894,534	£10,050,000	98.18%	North of Tyne – 6 years (2020/21 – 2025/26) South of Tyne – 2 years (2024/25 – 2025/26)
Investment Fund	£240,000,000	£102,792,877	£137,207,123	£0	42.83%	5 years (2024/25 – 2028/29)
Investment Zones	£54,968,000	£9,383,795	£45,584,205	£0	17.07%	5 years (2024/25 – 2028/29)
Early Capital Regen	£68,970,000	£65,249,315	£3,720,685	£0	94.61%	3 years (2023/24 – 2025/26)
UK Shared Prosperity Fund	£47,085,061	£45,069,713	£2,015,348	£ 21,422,035.00	95.72%	3 years (2022/23 – 2024/25)
Adult Skills	£69,707,665	£69,707,665	£0	£16,550,000	100.00%	1 year (2024 Academic Year)
Skills Boot Camps	£17,999,140	£17,999,140	£0	£1,160,000	100.00%	1 year (2024 Academic Year)
Total	£1,480,431,118	£1,266,509,223	£213,921,895	£117,112,035	81.59%	



Transport Funding overview

North East CA inherited £346m of capital funding from transport programmes previously agreed by the former Joint Transport Committee (JTC), including the Transforming Cities Fund (TCF), Active Travel Fund (ATF), Bus Service Improvement Plan (BSIP), Zero Emission Bus Regional Areas Tranche 2 (ZEBRA2), and Levelling Up Fund (LUF). The table below demonstrates the capital funding allocated since 2020/21. Transport capital funding is primarily awarded by DfT, with the exception of ATF and LUF which were awarded by Active Travel England and DHLUC respectively. Funding is awarded following the agreement of investment priorities set out in either a business case or detailed delivery plan.

As a result of devolution, North East CA became eligible for the City Region Sustainable Transport Settlement (CRSTS). Following Cabinet approval in July 2024, a business case for CRSTS was submitted to Government, which is awaiting decision. CRSTS is comprised of £132.7m for capital scheme delivery, an uplift of £14.3m for Highways Maintenance and existing funding including £85m of TCF and £331m of Highways Maintenance funds. In addition, the CA is responsible for delivery of £107m of revenue funding for transport related activity. An update on Transport Revenue schemes will be included in future reporting periods.

Total Fund (£)

Commitment (£)

Spend to Date (£)

Uncommitted (£)

£824.29M

£824.29M

£330.73M

0M

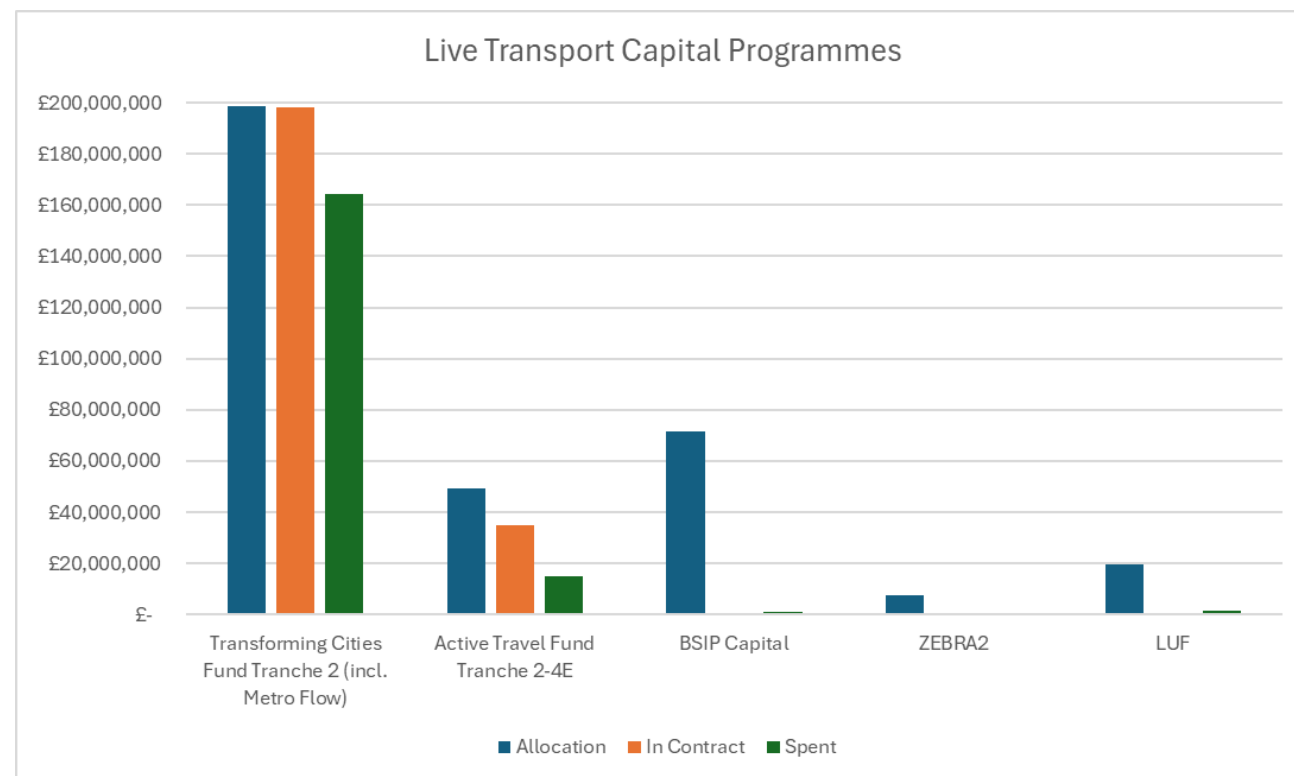
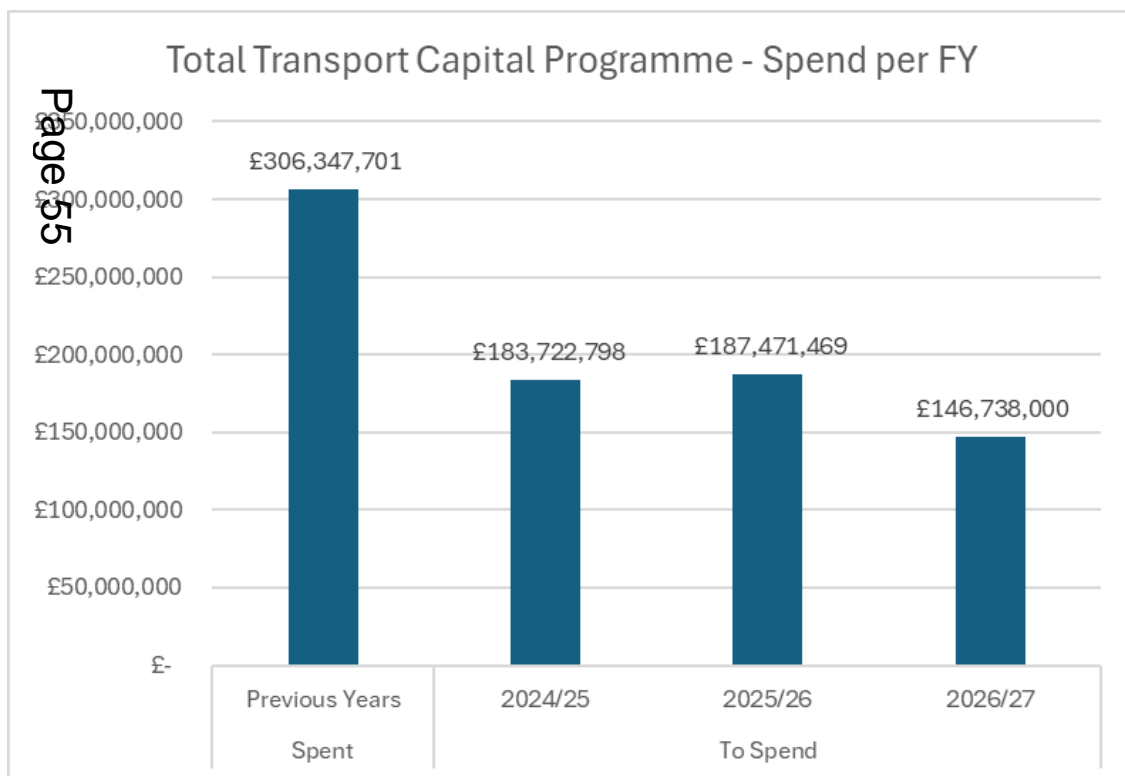
	Spent	To Spend					
Funding	Previous Years	2024/25	2025/26	2026/27	Spend to Q1 24/25	% Spend to Q1 24/25	Total Allocation
Transforming Cities Fund Tranche 2 (incl. Metro Flow)	£ 160,390,714	£ 30,750,575	£ 3,878,825	£ 3,463,000	£ 164,340,326	82.8%	£ 198,483,104
Active Travel Fund Tranche 2	£ 8,996,347	£ 1,219,653	£ -	£ -	£ 9,462,920	92.6%	£ 10,216,000
Active Travel Fund Tranche 3	£ 1,849,236	£ 15,914,134	£ 9,198,874	£ -	£ 4,004,743	14.9%	£ 26,962,244
Active Travel Fund Tranche 4	£ 898,448	£ 4,437,536	£ 1,867,227	£ -	£ 1,592,394	22.1%	£ 7,203,211
Active Travel Fund Tranche 4E	£ -	£ 2,695,298	£ 2,400,000	£ -	£ -	0.0%	£ 5,095,298
BSIP Capital	£ 434,819	£ 33,463,195	£ 37,439,499	£ -	£ 998,944	1.4%	£ 71,337,513
ZEBRA2	£ -	£ 1,477,068	£ 5,908,270	£ -	£ -	0.0%	£ 7,385,338
LUF	£ 1,378,137	£ 16,737,350	£ 1,481,774	£ -	£ 1,378,137	7.0%	£ 19,597,260
CRSTS Capital	£ -	£ 6,065,000	£ 54,334,000	£ 72,312,000	£ -	0.0%	£ 132,711,000
Highways Maintenance *	£ 132,400,000	£ 66,200,000	£ 66,200,000	£ 66,200,000	£ 148,950,000	45.0%	£ 331,000,000
Highways Maintenance Uplift (CRSTS)	£ -	£ 4,763,000	£ 4,763,000	£ 4,763,000	£ -	0.0%	£ 14,289,000
Totals	£ 306,347,701	£ 183,722,807	£ 187,471,469	£ 146,738,000	£ 330,727,465	40.1%	£ 824,279,968



Current position and key updates

The visual below left shows the annual forecast expenditure for the overall capital transport programme. With the exception of CRSTS Capital and the Highways Maintenance Uplift where we await Government decision, all other capital funding is confirmed and allocated. The funding within each transport sub-programme is allocated to a programme of schemes, all of which are either in development, in delivery, or delivered.

The visual below right presents the allocation for each of the live programmes, alongside the amount of funding committed in contract, and the amount spent to date. Although the spend to date is low in some instances, business cases are being developed and progressing through assurance, and we are confident that the amount of funding in contract and spent will increase over the coming months. It is worth noting that transport capital spend is paid out on a defrayed basis, and so there is a delay between actual spend on scheme delivery, and spend reported by the CA.





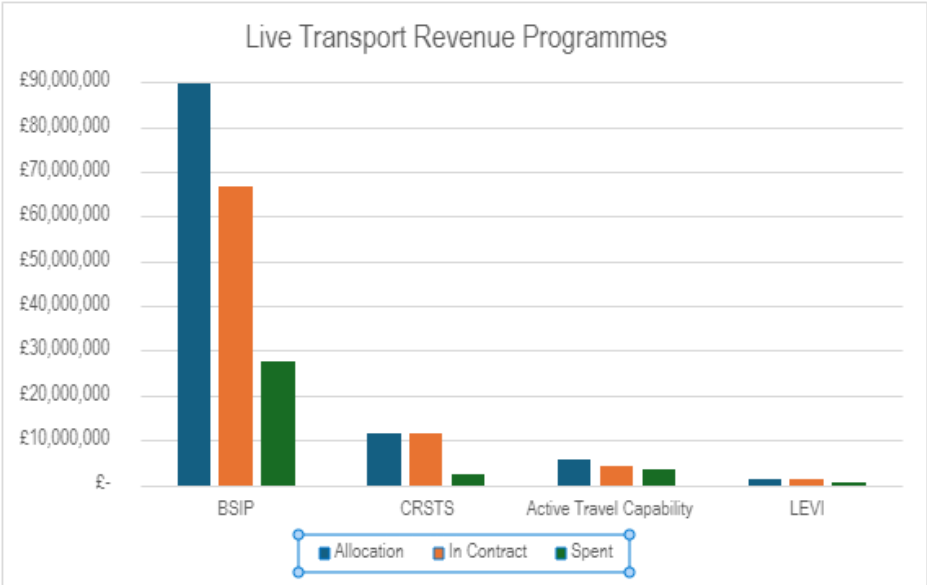
Transport Revenue overview

North East CA inherited £108.2m of revenue funding from transport programmes previously agreed by the former JTC, including the BSIP revenue programme, CRSTS revenue support, Active Travel Capability Fund, and Local Electric Vehicle Infrastructure (LEVI) revenue support. The table below demonstrates the revenue funding allocated since 2021/22 for these programmes. Transport revenue funding is primarily awarded by DfT, with the exception of the Active Travel Capability Fund which is awarded by Active Travel England (ATE). There are specifics to each fund, detailed below:

- BSIP:** The DfT issued BSIP revenue to support the delivery of the programme. The former JTC approved the revenue programme, once the plan had been approved by the DfT. The funding is used to support schemes that will increase bus patronage. The programme is delivered through partner organisations, namely Durham County Council, Northumberland County Council, Nexus, and the bus operators.
- CRSTS:** The DfT issued CRSTS revenue to support the delivery of the capital programme. The former JTC allocated this funding to develop CRSTS propositions, including the production of the business case required to unlock the capital funding, manage, evaluate and assure the programme.
- Active Travel Capability:** ATE grant active travel capability funding in-line with a capability self-assessment process. The funding is used to support the delivery of active travel schemes by providing funding for activities such as scheme design, communications, cycle training, and consultation.
- LEVI:** The CA was awarded £1.437m of resource funding through the LEVI Capability Fund for 22/23-24/25. The funding is to be used by the CA and local authorities to support the development and delivery of the LEVI capital projects and for staffing resource.

Total Fund (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£108.20M	£83.70M	£34.20M	24.50M

Live Transport Revenue Programmes	Allocation	In Contract	Spent	% Spent
BSIP	£89,762,353	£66,700,000	£27,492,995	31%
CRSTS	£11,360,000	£11,360,000	£2,392,128	21%
Active Travel Capability	£5,684,571	£4,277,858	£3,579,799	63%
LEVI	£1,437,000	£1,437,000	£726,301	51%
Total	£108,243,924	£83,774,858	£34,191,223	165%



Brownfield Housing Fund



Current position and key updates

The Brownfield Housing Fund (BHF) total allocation is £49.2m from 2020/21 to 2025/26, of which £48.32m has been committed to projects covering the North and South of Tyne. The programme is forecast to leverage £186.06m of private sector investment. Approved projects are forecasting the creation of 2,917 housing units, in addition to 77.5 ha of Brownfield land which will be remediated. The North of Tyne BHF is due to end March 2025 and The South of Tyne March 2026. There is one remaining project to be approved (North Blunts) for £1.0m which will deliver 67 units on 2.4ha of Brownfield Land. If this project is approved the fund will be 0.38m over programmed however we are confident available funds will be available through forecast attrition against contracted schemes.

Fund Total (£)

£49.21M

Commitment (£)

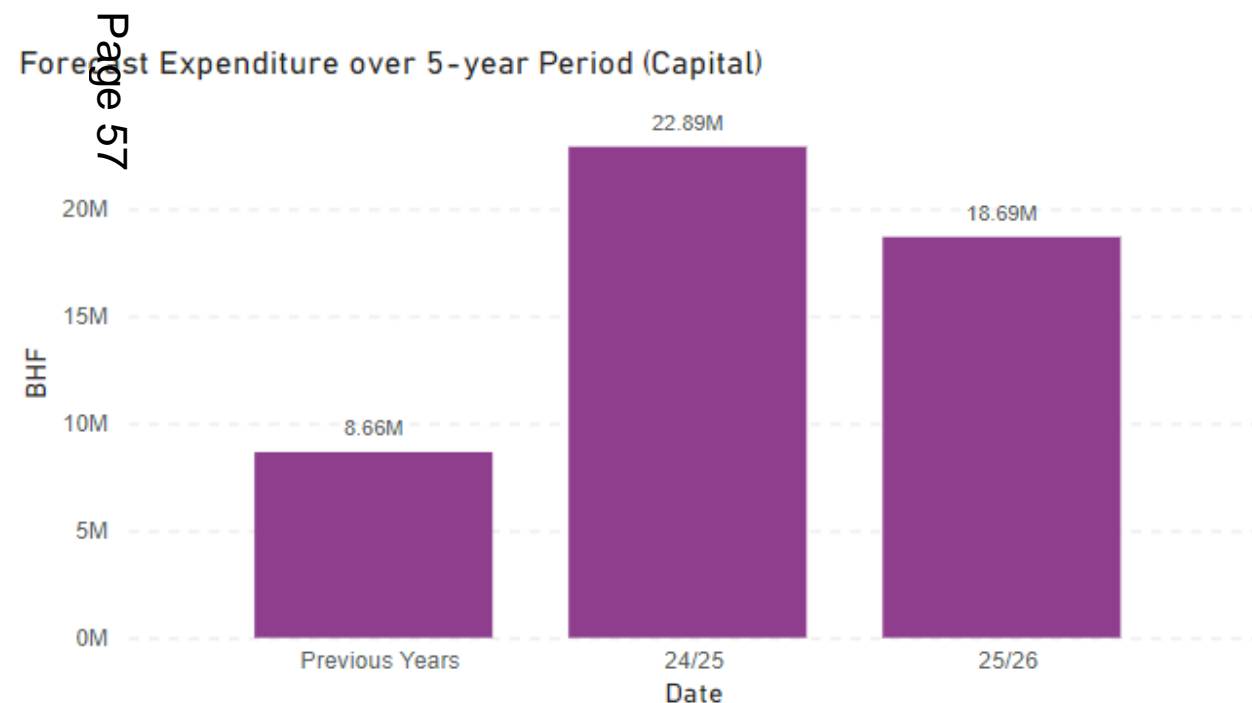
£48.32M

Spend to Date (£)

£10.05M

Uncommitted (£)

0.89M



Project	Sum of BHF (£)
Walker Riverside	4.87M
The Esplanade	0.38M
Social Housing Sites	1.45M
Sheepfolds	4.81M
Scotswood Phase 3, 5, & 5a	4.64M
Scotswood Phase 2	2.95M
North Shields Master Plan	6.39M
Newbiggin Hall	0.50M
Lyndon Walk	0.40M
Kelly's Yard	1.95M
Horden	4.50M
Hadston Industrial Estate	1.19M
Farringdown Row	3.32M
Ellington Colliery Phase 3 and 4	1.29M
Commissioners Quay	0.06M
Clasper Village	3.12M
Chandless	2.16M
Benwell Dene	3.00M
Bellingham Mart	1.35M
Total	48.32M

Forecast Outputs

Area of Brownfield site
readied for development (Ha)

77.51

Number of New Homes Brought
Forward

2917



Current position and key updates

The North East Devolution Deal affords the North East CA control of a £48 million per year investment fund over 30 years (£34 million revenue and £14 million capital), to be invested by the North East to drive growth and take forward its priorities over the longer term. Over the next 5 years the fund totals £240m with 10% of top sliced for CA running costs. Investment Fund commitment to date is £102.79m across 5 North East CA projects, NTCA legacy commitments and the 10% top slice. The majority of new investment commitment is attributed to the Access to Finance Fund agreed by Cabinet in September. Work is underway across CA directorates to progress Cabinet priorities identified within portfolio plans, progression of the pipeline is expected to accelerate once the Investment Framework and Corporate Plan are finalised (due November 2024).

Fund Total (£)

£240.00M

IF Commitment (£)

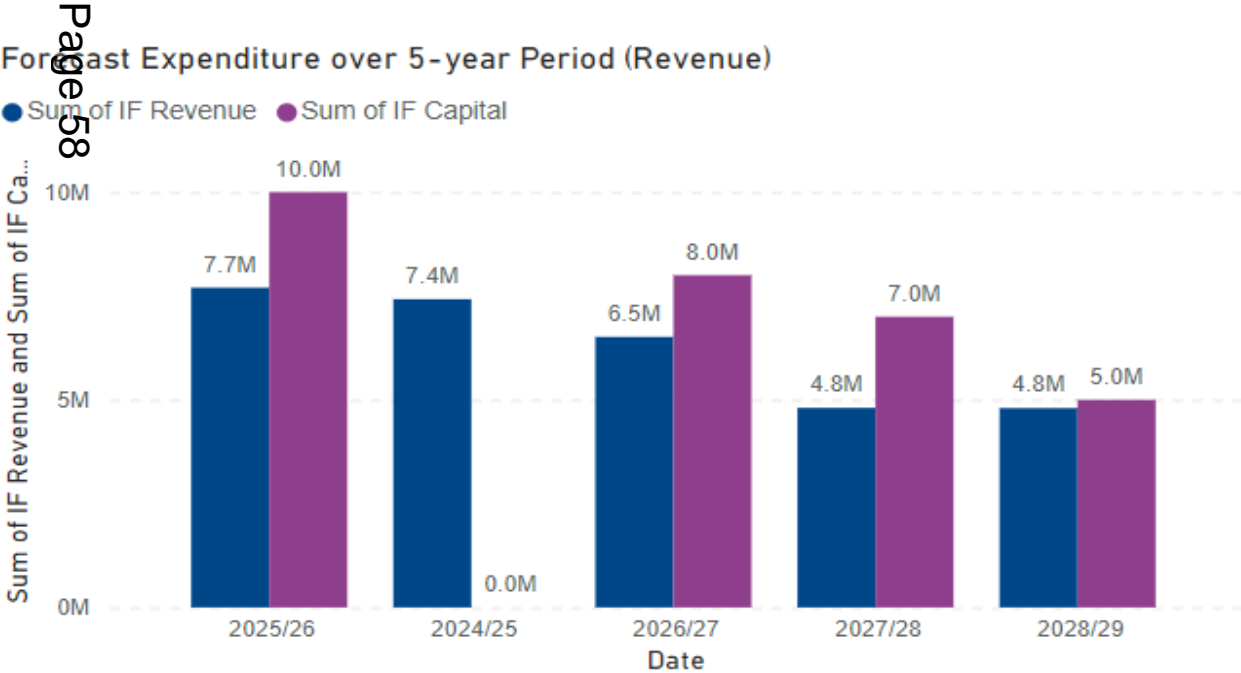
£102.79M

Spend to Date (£)

£0M

Uncommitted (£)

137.21M



Project Title	Sum of IF (£)
Access to Finance	£30,000,000
Child Poverty Prevention	£1,356,500
Commitment to Legacy Investment Fund	£27,340,000
Early Capital Regen Transfer	£14,210,000
Education Improvement	£1,098,411
Investment Fund Top Slice	£24,000,000
Mayor's Opportunity Fund	£1,000,000
North East Screen Industries Partnership (NESIP)	£3,787,966
Total	£102,792,877

Number of Residents Who Have
Received a Direct Intervention in Line
With the Aims of the Programme

1,700

Number of Enterprises Receiving
Support

648

Direct Jobs Created

2,924

Leverage Raised (£)

£94M

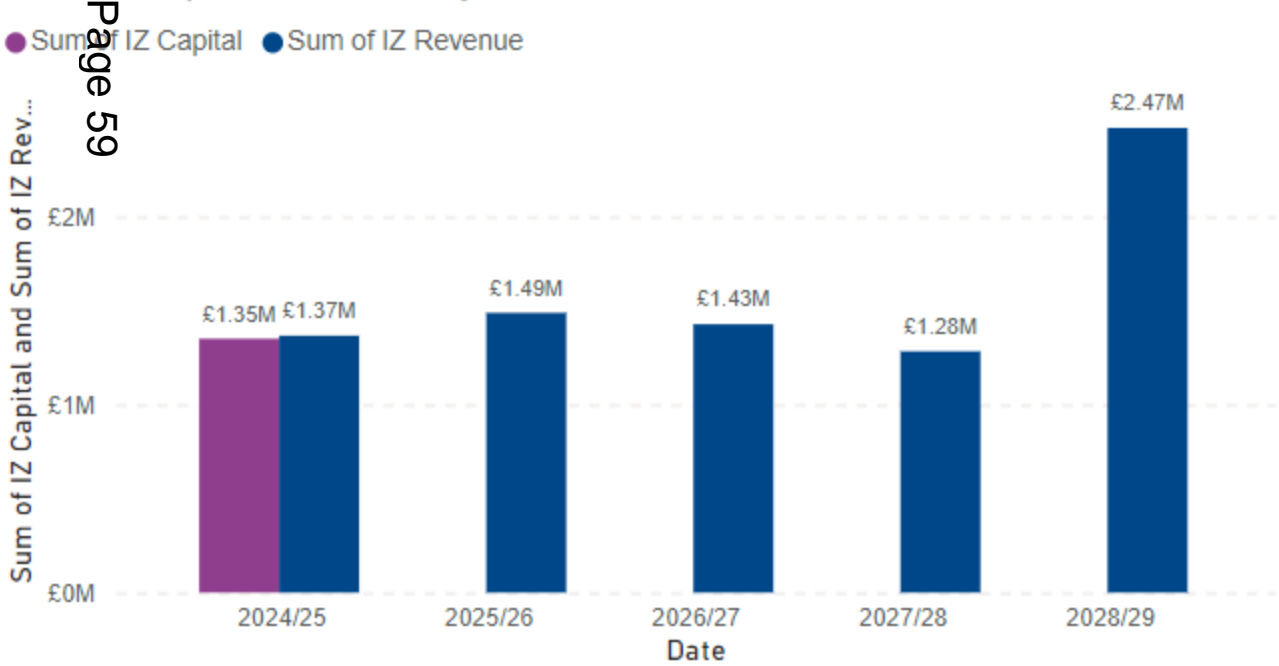


Current position and key updates

Investment Zones (IZs) were introduced to catalyse the development of high-potential clean energy and green manufacturing clusters with total Government support of £160 million over the next 10 years. The North East has agreed a funding profile for the first 5 years of the IZ (£33m Capital and £22m Revenue), and the 10 year programme is expected to leverage £3bn investment and create more than 4,000 jobs. The main aim is to boost productivity and growth with Investment Zones designed to harness local sector strengths to increase inward investment and create jobs on designated sites. Work has been undertaken in collaboration with LA’s, Universities, Catapults and businesses to develop the pipeline; one proposal has been approved to date with a further 5 proposals (with a total value of c. £40m) due to come forward in the next 12-18 months.

Fund Total (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£54.97M	£9.38M	£0M	45.58M

Forecast Expenditure over 5-year Period



Project Title	Sum of Inv. Zones (£)
MADE North East	£9,383,795
Total	£9,383,795

Forecast Outputs

Number of Enterprises Receiving Non-Financial Support	Number of Trainees Completing New or Improved Vocational Training Course
115	624

Early Capital Regen

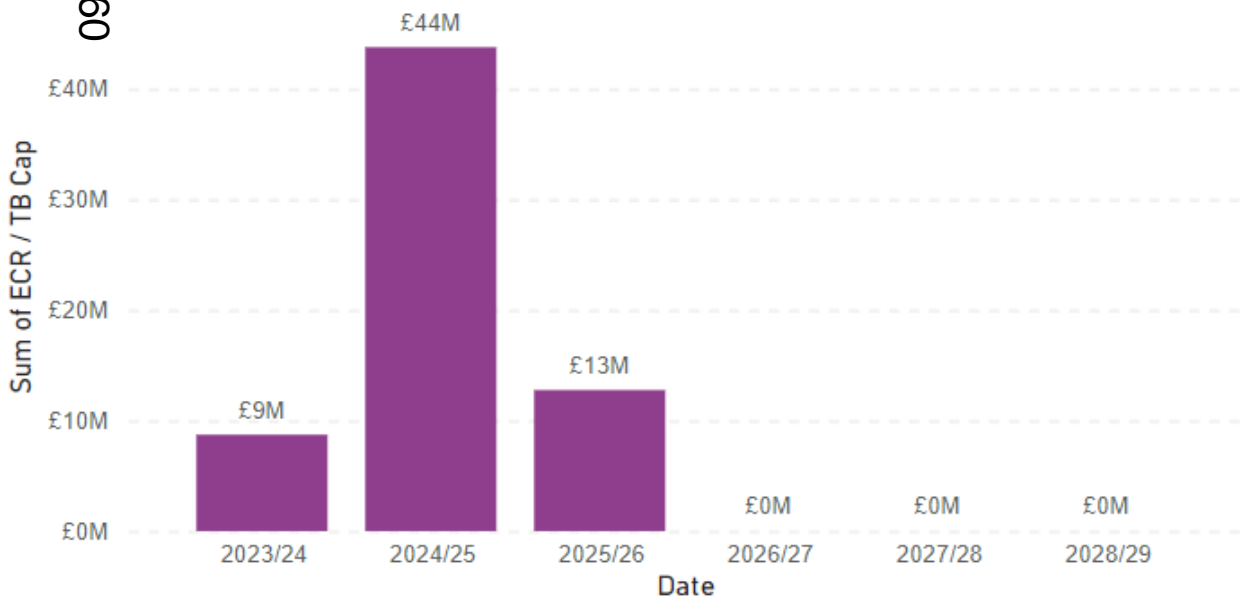


Current position and key updates

The early Capital Regeneration Programme totals £69m and includes £20m allocated by DLUHC in December 2022 as part of the devolution deal negotiations, the additional £35m for development of the Crownworks Studio site, Forth Yards and Health and Innovation Neighbourhood and £14m of IF allocated by NTCA in September 2023. The pipeline of capital activity was agreed in September 2023 with 2 Newcastle Creative Central projects still to come forward for final consideration in line with the Single Assurance Framework. A total of £67m of leverage is expected in respect of these proposals.

Commitment (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£68.97M	£65.25M	£0M	3.72M

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Forecast Expenditure over 5-year Period (Capital)



Project Title	Primary Fund	Sum of NECA Total
Blyth Culture Hub & Market Place	Early Capital Regen	£2,500,000
Durham Aykley Heads	Early Capital Regen	£9,200,000
Forth Yards Enabling Works	Trailblazer	£4,999,063
Gateshead Quays	Early Capital Regen	£3,500,000
Health Innovation Neighbourhood	Trailblazer	£5,000,000
NETPark Phase 3	Early Capital Regen	£10,700,000
Newcastle Boho Arts	Early Capital Regen	£523,000
North Shields Town Centre Public Realm	Early Capital Regen	£3,300,000
Sunderland Riverside	Trailblazer	£25,000,000
Tyne Theatre & Opera House Grand Saloon Phase 1	Early Capital Regen	£527,252
Total		£65,249,315

Area of Brownfield site readied for development (Ha)	Forecast Outputs Number of New Homes Brought Forward	Direct jobs created
57.00	519	44



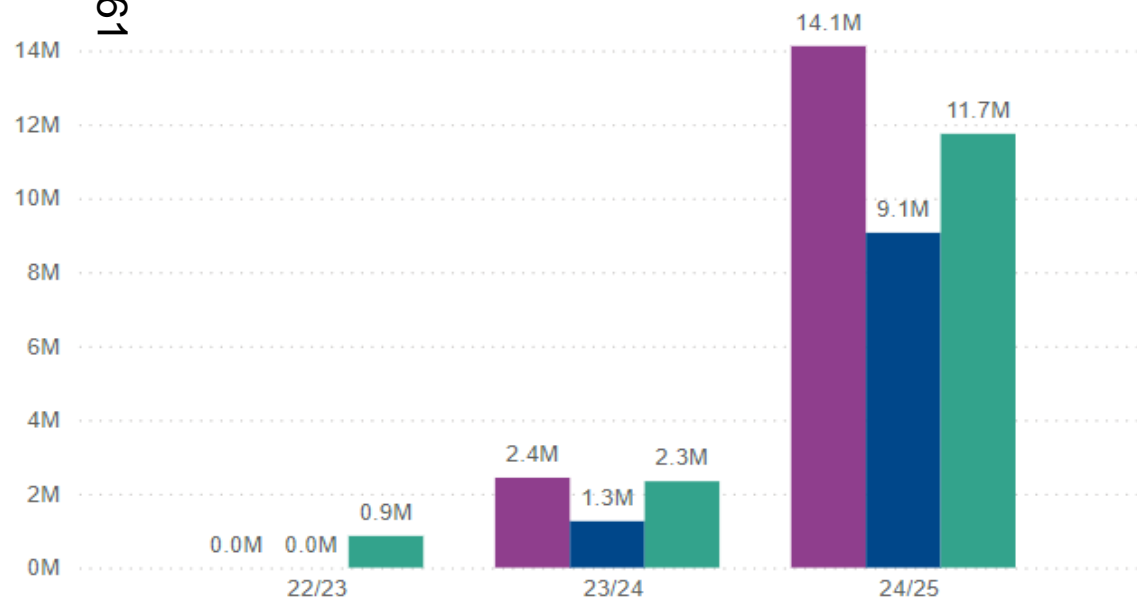
Current position and key updates

The UK Shared Prosperity Fund was introduced with the primary goal of building pride in place and increase life chances across the UK. It is a 3-year programme running from April 2022 to March 2025. The North of Tyne Combined Authority were the original accountable body for this programme, so delivery for this programme is only in the North of Tyne area. To date, 60 projects have been approved, 11 of which were funding swaps to NTCA Investment Fund projects. The fund totals £47.09m, of which £45.07m has been allocated to projects. The spend to date for this programme is £21.42m, which leaves 47% of the total fund to be claimed in the final 2 quarters of delivery. This programme has seen significant slippage, leading to 70% of the total funding forecasted to be claimed in the final year. The North East CA is continuing to proactively explore and bring forward proposals to maximise spend up until to the financial completion of the programme.

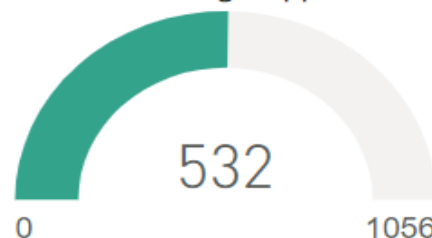
Total Fund (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£47.09M	£45.07M	£21.42M	2.02M

UKSP Spend

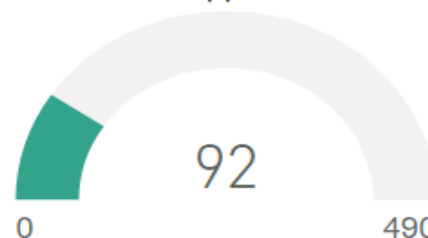
Local Business People & Skills Communities & Place



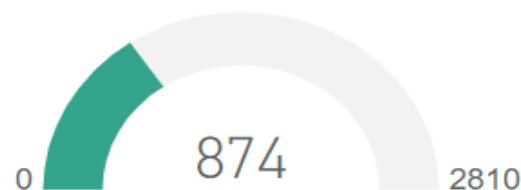
Number of Organisations Receiving Support



Jobs Created as a Result of Support



Number of economically inactive people engaging with keyworker support services





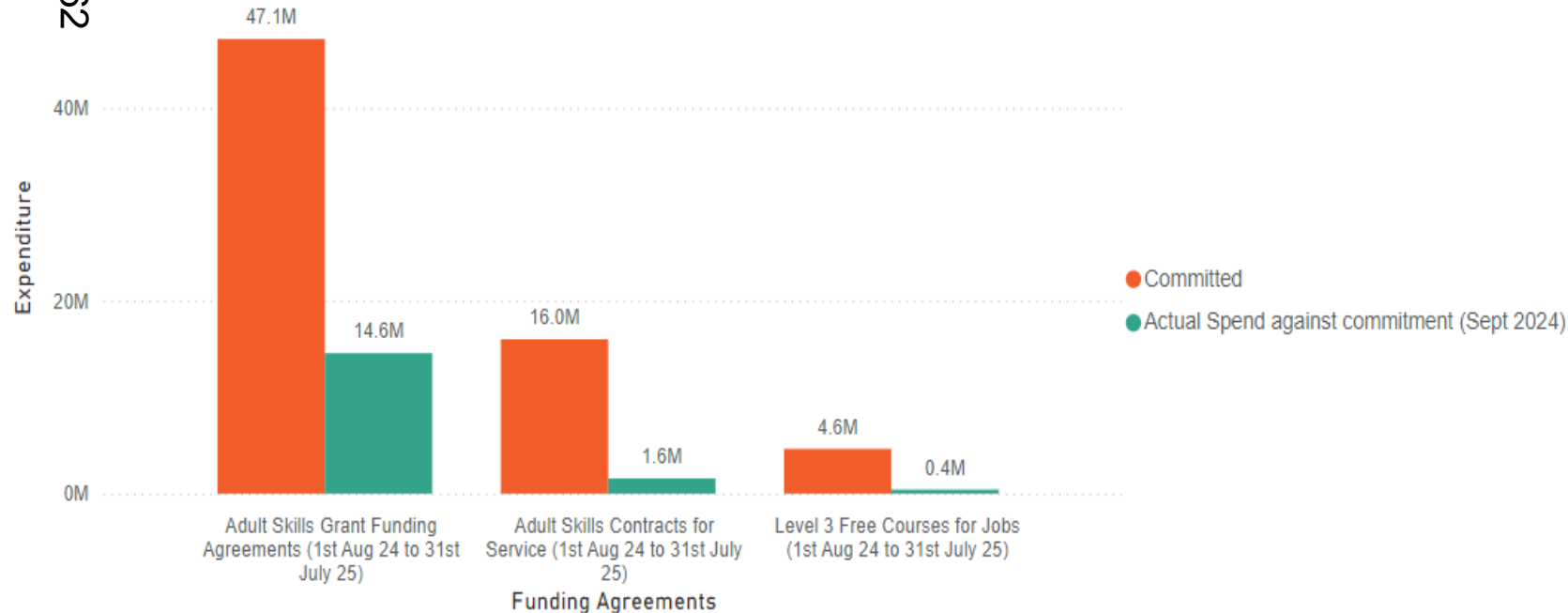
Current position and key updates

The North East Devolution Deal includes a fully devolved Adult Skills Fund of circa £69.7m per annum (academic year Sep-Aug), this includes a ringfenced allocation for the delivery of a Level 3 Adult Skills offer 'Free Courses for Jobs'. The allocation for academic year 2024-25 (1st August 2024 to 31st July 2025) has been fully committed via grant funding agreements with 20 adult education providers and procured Contract for Services with 25 adult education providers. The below visuals are populated with data up to the end of September 2024, and illustrate spend against Grant Funding Agreements, Contract for Service and Level 3 Free Courses for jobs commitments. The outputs (below right), are the actual starts on programmes achieved to date against the total contracted starts. The blue line shows the profiled total as of the end of September 2024. Delivery is being closely monitored and reconciliation points are planned throughout the year with the option available to redistribute funds if required to maximise the impact of the programme within the region.

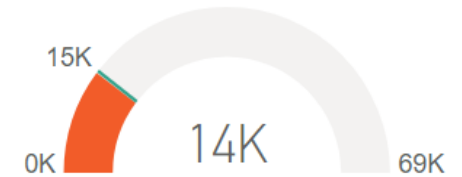
Fund Total (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£69.71M	69.71M	16.55M	0M

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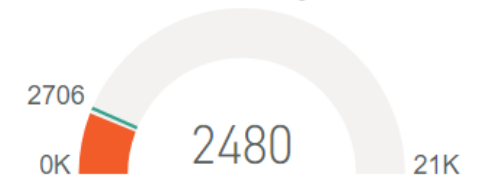
Devolved Adult Skills Fund Spent to Date vs Committed



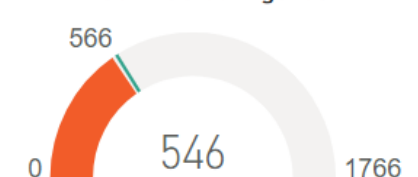
Adult Skills Grant Funding Agreements - Reported Starts against Contracted Figures



Adult Skills Contracts for Service - Reported Starts against Contracted Figures



Level 3 Free Courses for Jobs- Reported Starts against Contracted Figures



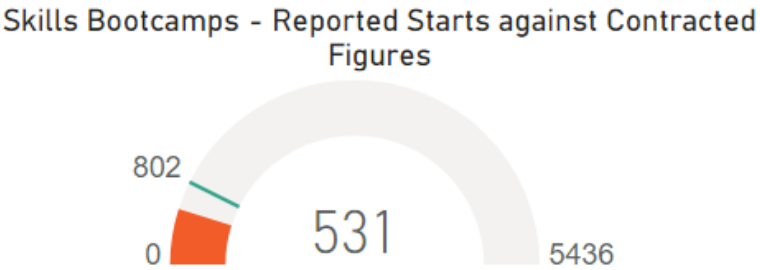
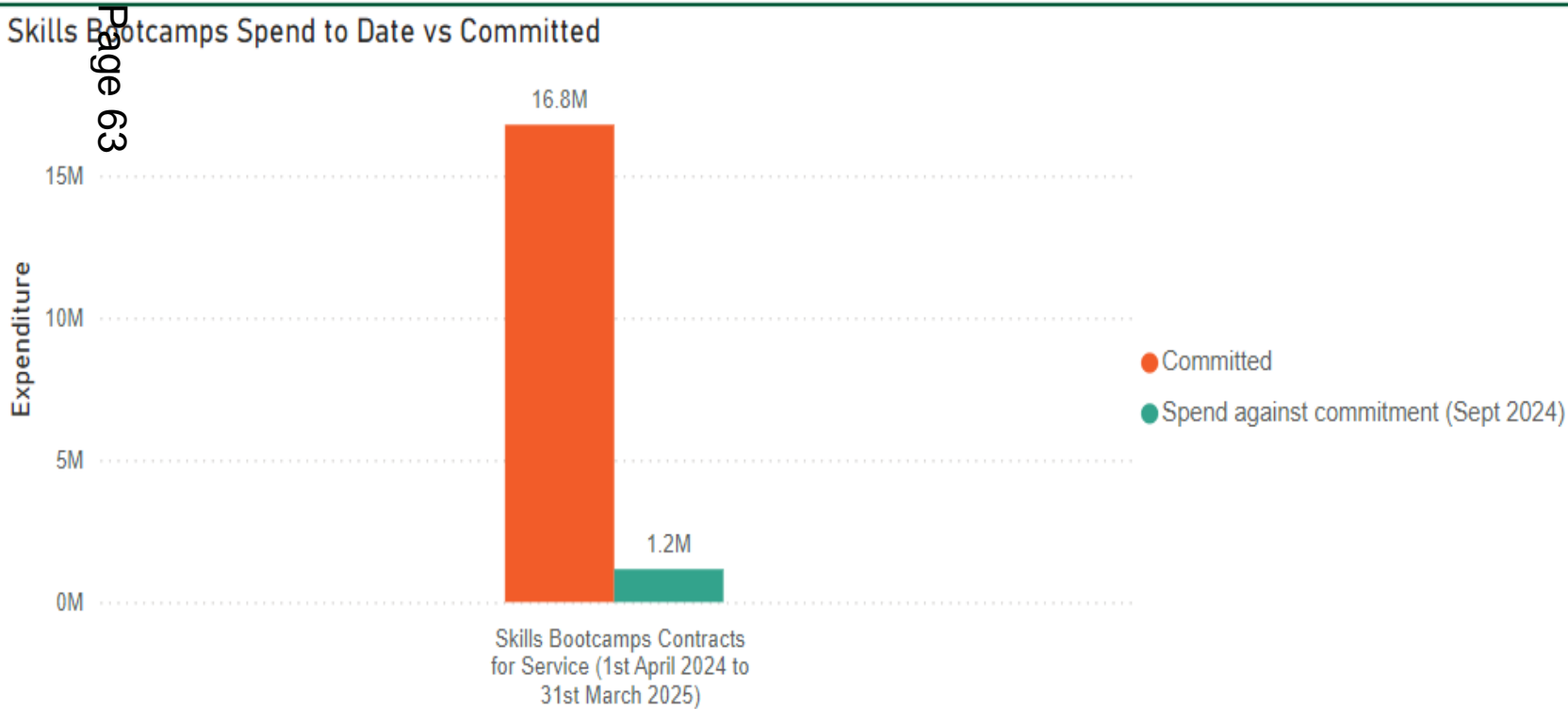
Skills – Skills Bootcamps



Current position and key updates

The North East Combined Authority secured Grant Funding of circa £17m from the Department for Education for the delivery of Skills Bootcamps across the North East region during the financial year 2024-25. This allocation has been fully committed via procured Contracts for Services awarded to 23 organisations. The below visuals are populated with data up to the end of September 2024 and illustrate spend against the committed allocations on the left, and actual starts on programme achieved to date against total contracted starts on the right. The blue line shows the profiled total as of the end of September 2024. Funding is drawn down by providers against milestones therefore spend in year appears low at this point but is expected to accelerate from December onwards with final drawdown forecast for March 25. Delivery is being closely monitored and reconciliation points are planned throughout the year with the option available to redistribute funds if required to maximise the impact of the programme within the region.

Fund Total (£)	Commitment (£)	Spend to Date (£)	Uncommitted (£)
£18.00M	18.00M	1.16M	0.00M



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Title:	North East Combined Authority's Performance Management Framework and Integrated Settlement outcomes framework.
Portfolio:	Finance and Investment
Responsible Director:	Mags Scott, Director of Finance and Investment Alan Reiss, Director of Operations
Report Author:	Mitch Marshall, Programme Manager – Integrated Settlement

Purpose of the report

This report sets out progress to date in developing a local Performance Management Framework; and agreeing the outcomes framework for the North East Combined Authority's Integrated Settlement with Government – a critical benefit of becoming an Established Mayoral Strategic Authority. The report seeks a delegation from Cabinet to approve both the outcomes framework for the Integrated Settlement (subject to agreement with Government) and the North East CA's Performance Management Framework. These will both be agreed by the Chief Executive, in consultation with the Mayor and portfolio holder for Finance and Investment, in early 2026.

Recommendations:

Cabinet is recommended to:

1. Agree the principles of the Performance Management Framework and endorse the progress to date.
2. Agree the Integrated Settlement outcomes framework, subject to final negotiations and agreement with Government.
3. Delegate final agreement of both the Performance Management Framework and its Integrated Settlement outcomes framework to the Chief Executive, in consultation with the Mayor and the portfolio holder for Finance and Investment. Agreement is expected in early 2026.

Executive Summary

The North East CA is developing a Performance Management Framework, which will give assurance that all its activity is aligned with, and ensures, the delivery of its five missions. This report seeks Cabinet's agreement of the principles of the Performance Management Framework, and delegation of final agreement to the Chief Executive – in consultation with the Mayor and the portfolio holder for Finance and Investment – in early 2026.

The North East CA is also eligible for an Integrated Settlement from 2026/27. The Integrated Settlement will provide simplicity, certainty, transparency, and flexibility for a core set of funding flows from Government. One of the conditions of the implementation of an Integrated Settlement is the agreement of an outcomes framework relating to that funding. This report seeks Cabinet's agreement to the framework as it stands, and to delegate final agreement to the Chief Executive – in consultation with the Mayor and the portfolio holder for Finance and Investment – in January 2026, subject to final negotiations with Government.

A. Context

1. Performance Management Framework

- 1.1. The North East CA is developing a Performance Management Framework, which will set out how it will make progress towards its missions by putting them at the heart of everything it does, how it will measure success, and enable it to tell the story of its impact.

- 1.2. It will show how the outputs and outcomes in existing strategies, including the Mayor's Local Transport Plan, the Local Growth Plan, and the Child Poverty Action Plan support the missions. It will support successful delivery of the Integrated Settlement by setting out the relationship between the outcomes the North East CA will deliver with the funding it receives through the settlement, and those delivered through its other investment programmes, including its Investment Fund. And it will show that the missions are the golden thread connecting all of the North East CA's work, cascading down from its Corporate Plan, through an organisation-wide Delivery Plan, and into individuals' objectives.
- 1.3. Specifically, the framework will focus on four elements of performance:
- **Missions:** The regional economic, social and environmental indicators which the North East CA is working to change over the longer term, but over which it is only one influencer.
 - **Investment Delivery:** How investments' value for money and impact on missions are assessed.
 - **Delivery Plan:** Reporting against an organisation-wide Delivery Plan, showing how all teams are contributing to the overarching goals set out in the Corporate Plan (including work pre-investment).
 - **Organisational Health:** How data, processes and culture will enable organisational growth and efficiency and ensure good governance.
- 1.4. By bringing these together in one place, the Performance Management Framework will clarify the Combined Authority's vision, both internally and for delivery partners, stakeholders, and the people of the North East.
- 1.5. Importantly, the Performance Management Framework will also set out how and when the North East CA will report against each of the four elements of the framework: to the Mayor and Cabinet; to the people of the North East; and to Government. Performance will be reported publicly through Cabinet twice a year, via a performance report and impact report. This will be informed by quarterly reports to the North East CA's Senior Leadership Team, and reporting to the Mayor on an organisation-wide Delivery Plan twice a year. The insights gleaned from our performance management will also inform wider measures of the North East's success, such as through an annual State of the Region report.
- 1.6. This performance management framework will thereby ensure that the North East CA, its constituent authorities, and wider delivery partners are clear on their role in delivering the objectives set out in the Corporate Plan; and will better enable the North East CA to demonstrate its positive impact, helping the region make the case for further funding and devolution. A draft of the Performance Management Framework is included in the slides at appendix A.
- 1.7. The next stage of this work is to identify the datasets which will inform the Performance Management Framework, and the design and implementation of the technology and systems to enable performance management to operate in an efficient and integrated way.
- 1.8. A final version of the Performance Management Framework is expected to be agreed early in 2026, once the outcomes framework for the Integrated Settlement has been finalised.
- 2. Integrated Settlement outcomes framework**
- 2.1. The North East CA will be designated as an 'Established Mayoral Strategic Authority' via the English Devolution and Community Empowerment Bill, which is currently at committee stage with a view to receiving Royal Assent in April 2026. This status, which in due course will need to be reflected in the

name of the organisation, comes with access to the highest level of powers and funding on offer, including an Integrated Settlement from 2026/27. The Integrated Settlement will provide simplicity, certainty, transparency, and flexibility for a core set of funding flows from Government. Government confirmed the quantum of funding in scope for the majority of funds in scope of the Integrated Settlement at Autumn Budget – a link to the document setting this out can be found in the background papers section of this report.

- 2.2. One of the conditions of the implementation of an Integrated Settlement is the agreement of an outcomes framework relating to that funding. Government will use this outcomes framework to hold the North East CA to account for delivering value for money with the funding flowing through the Integrated Settlement.
- 2.3. The North East CA has been working closely with Government to agree the outcomes for this outcomes framework over the autumn. This includes agreeing the targets and trajectories that will be used to measure progress towards the outcomes over the duration of the Integrated Settlement (Financial Years 2026/27 through 2029/30). The latest version of the proposed Integrated Settlement outcomes framework is included in appendix B.
- 2.4. There are several areas where the North East CA will need to continue working with Government to finalise its outcomes framework for the Integrated Settlement. Key outstanding issues at the time of writing are:
 - a) Ensuring that the indicators in the Integrated Settlement are directly relevant and proportionate to the funding available; and minimising additional reporting requirements outside the 6-monthly Integrated Settlement programme boards that will be held with Government over the duration of the IS period. Upholding these principles will support the use of the flexibilities the Integrated Settlement provides to invest strategically to deliver the overall outcomes agreed with Government.
 - b) In some cases, it has not yet been possible to propose baselines, targets, and trajectories for the indicators included in the outcomes framework due to delays in certainty on the funding in scope of each pillar of the Integrated Settlement, and delays in the publication of national datasets which will inform the baselines. However, given that the quantum of funding available for the majority of funds in scope has now been confirmed by Government, it should be possible to propose targets for most indicators in the final return to Government, due on 10 December 2025.

3. Conclusion and next steps

- 3.1. Agreement of the principles of the Performance Management Framework is needed to allow the framework to be developed further. This will allow the details of the framework to be approved in time for it to be implemented ahead of the next financial year.
- 3.2. Agreement of the Integrated Settlement outcomes framework as it stands is required to facilitate final negotiations with Government over the coming weeks, in order to secure full agreement in January 2026. Government's timeframes for this means final agreement will need to occur before the Cabinet's next meeting in February, which is why this report seeks a delegation to agree the final framework.
- 3.3. The North East CA will report progress towards the targets set out in its Integrated Settlement outcomes framework via monitoring reports submitted to 6-monthly Programme Boards with Government. The North East CA's monitoring reports will explain spend and RAG ratings of progress towards the agreed targets and trajectories. Where a target is rated amber or red, the North East CA will be expected to explain the rating and set out a 'path to green'. Cabinet will also

be provided with updates on this progress as part of a wider schedule of performance reporting, as set out in the performance management framework.

B. Impact on North East Combined Authority Objectives

The Performance Management Framework will support delivery of the North East CA's missions by showing how these act as a golden thread connecting all its investments and activities, cascading down from the Corporate Plan into the outputs and outcomes of projects and programmes, and into individuals' objectives. This is expected to contribute to improved employee morale and to enable more responsive, evidence-based decision making across the North East CA.

Subject to agreement of an outcomes framework, the Integrated Settlement will provide greater flexibility over a core set of Government funding lines. This will support the North East CA to invest more strategically across its priorities, supporting delivery of its missions.

C. Key Risks

- C.1. The Performance Management Framework is an opportunity to articulate how all investments and activities are contributing towards delivery of the North East CA's missions. If the Performance Management Framework is not successfully agreed and embedded within the organisation, there is a risk that colleagues are unclear about these objectives, and that money and activities are not directed effectively to support delivery of the CA's priority outcomes as a result.
- C.2. It is important that the outcomes framework for the Integrated Settlement is agreed with Government in time so that it can be reflected in budget-setting and business planning processes. It will also be important to ensure that these outcomes, and the indicators sitting beneath them, are achievable with the funding available through the Integrated Settlement, as where MSAs do not meet these, Government may introduce a 'matrix of mitigation' which can lead to reduced flexibilities or funding being available through the Integrated Settlement.
- C.3. There is also a risk that the outcomes, indicators and targets set through the outcomes framework are overly ambitious or onerous to report against, constraining the North East CA's flexibility and resource to deliver its objectives. This risk has been mitigated by negotiating strategically with Government across the themes under which funding in the Integrated Settlement flows. This will ensure that outcomes, indicators and targets are proportionate to the funding available to deliver them, and that these align with the North East CA's overarching missions and the priorities set out in existing strategies such as the Mayor's Local Transport Plan and the Local Growth Plan.

D. Corporate Implications

D.1. Finance and other resources implications

The Integrated Settlement will provide the North East CA with significant resources over the period of the settlement (2026/27-2029/30 for capital budgets; 2026/27-2028/29 for revenue budgets).

This funding will be managed and disbursed in accordance with the North East CA's Single Assurance Framework. This means Cabinet or delegated approvals will be required for any use of funding within the Integrated Settlement where the project or programme investment is above the value of the usual delegated limits. The North East CA has the resource in place to manage this process, and to service the 6-monthly Programme Boards with Government.

Government also requires additional oversight, as follows, for major transport projects which may be delivered via the Integrated Settlement:

- a) Any scheme with a capital value of under £50m over its lifetime, which does not otherwise meet the criteria in (b) or (c), will not be subject to any further spending controls.

- b) For any scheme with a capital value of more than £50m over its lifetime and which is not captured by the criteria in (c), the MSA will publish the business case which underpinned the decision to invest to support local transparency and accountability
- c) Where schemes cost over £200m over the life of the scheme, or require integration into the national transport network because otherwise they risk causing significant disruption, the scheme can only proceed with the agreement of the Department for Transport through its representative on the Programme Board. This will normally be through agreement of a business case.

D.2. Legal implications

The Monitoring Officer has been consulted on this report and has no comments to add.

D.3. Equalities implications

Insofar as the Integrated Settlement changes the accountability mechanism for a number of funding lines flowing from Government, rather than the scope or quantum of these funds, it is not expected to have a direct equalities impact. However, the additional flexibility the Integrated Settlement will provide the North East CA is expected to support delivery of its equalities objectives. Individual projects and programmes funded through the Integrated Settlement will go through equalities impact assessments in line with the North East CA's Equalities and Diversity Policy.

D.4. Consultation and engagement

The North East CA has engaged extensively with the Ministry for Housing, Communities and Local Government and other Government departments to develop the Integrated Settlement outcomes framework to date. This engagement will continue with a view to final agreement in January 2026.

The North East CA has also worked closely with colleagues across the seven Local Authorities in developing the Integrated Settlement outcomes framework. This engagement will continue as both frameworks are finalised.

E. Appendices

Appendix A – [Draft Performance Management Framework for the North East CA](#)

Appendix B – [Draft Integrated Settlement outcomes framework for the North East CA \(second return to Government\)](#)

F. Background papers

The following background documents have been used in the compilation of this report and are available for inspection either by clicking on the links below or by contacting the report author:

- [Integrated Settlement: policy document - GOV.UK](#)
- [North East Combined Authority Integrated Settlement – Spending Review 2025](#)

G. Glossary

North East CA – North East Combined Authority
Government – His Majesty's Government

Contact officer(s)

Mags Scott, Director of Finance and Investment mags.scott@northeast-ca.gov.uk

Alan Reiss, Director of Operations alan.reiss@northeast-ca.gov.uk

Mitch Marshall, Programme Manager - Integrated Settlement mitch.marshall@northeast-ca.gov.uk

Claire Irving, Programme Manager – Integrated Settlement claire.irving@northeast-ca.gov.uk

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Draft in
development
Autumn 2025

Performance Management Framework

Page 71



What is our Performance Management Framework?



Within 10 years, the North East Combined Authority will have made progress against the five key Missions set out in our Corporate Plan:

 Home of real opportunity

 A North East we are proud to call home

 Home to a growing and vibrant economy for all

 Home of the green energy revolution

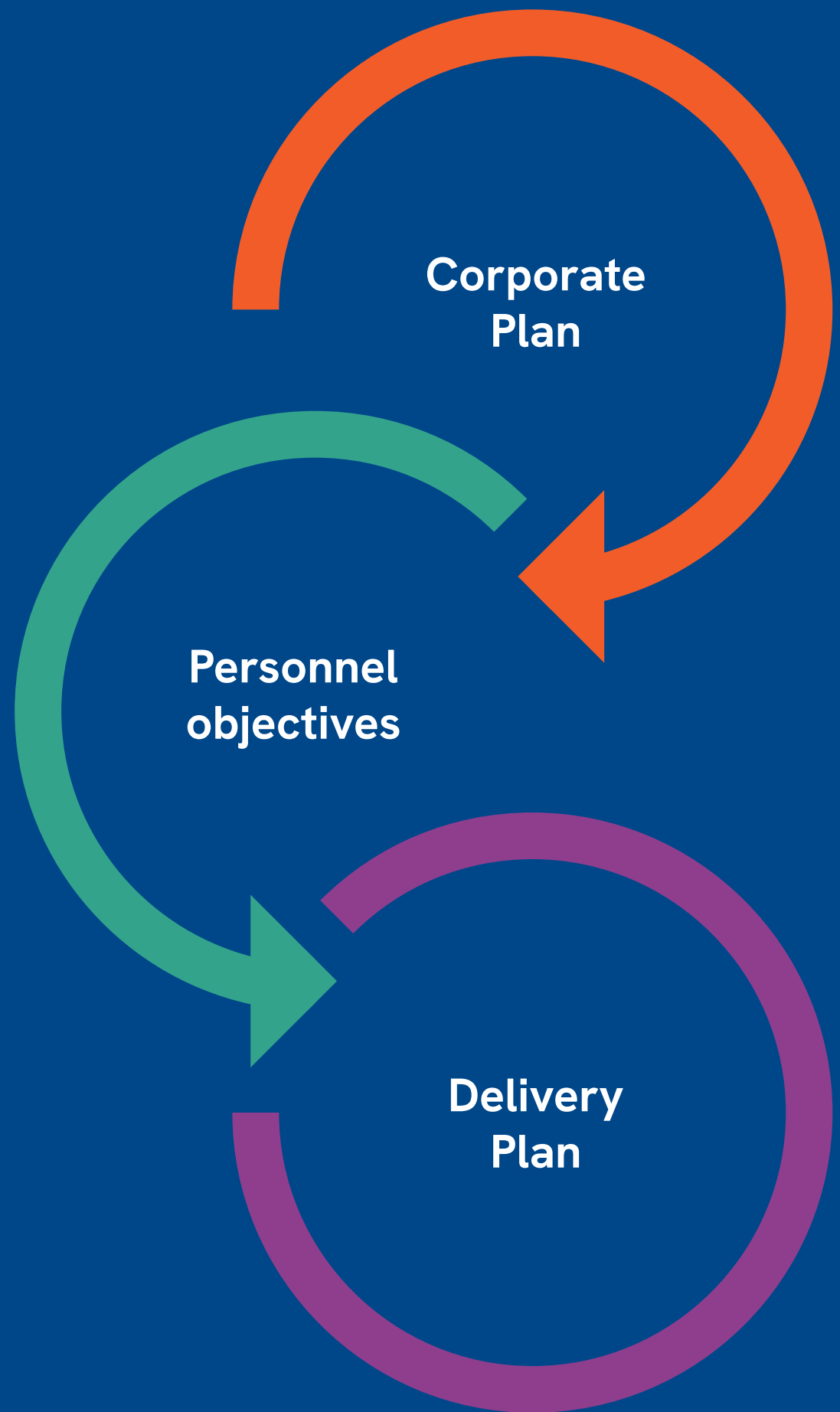
 A welcoming home to global trade

This Performance Management Framework sets out how we will do this, by putting our missions at the heart of everything we do; and how we will measure success.

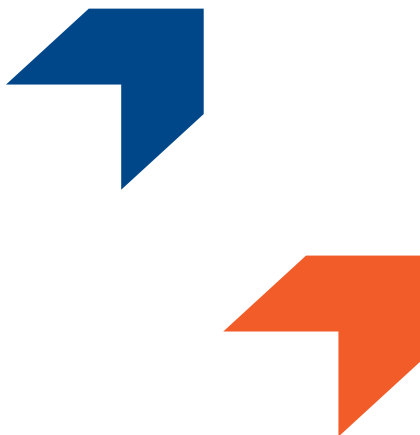
It will show how the outputs and outcomes in our existing strategies, including the Mayor's Local Transport Plan and our Local Growth Plan, support the missions.

It will support successful delivery of the Integrated Settlement by setting out the relationship between the outcomes we will deliver with this funding, and those delivered through our other investment programmes.

And it will show that the missions are the golden thread connecting all our work, cascading down from our Corporate Plan, through our Delivery Plan, and into individuals' objectives.



Who is the Performance Management Framework for?



There are two key audiences for this framework:

1. The Combined Authority, and its delivery partners – to inform our decision-making
2. Our stakeholders, our politicians, and the people we serve – to give them confidence in these decisions, and to hold us to account for delivering them. The insights gleaned from our performance management will also inform wider measures of the North East’s success, such as through our annual event State of the Region.

We expect this to be of particular interest to the following groups:

The Mayor and Cabinet	Providing strategic direction, oversight and leadership.
The Public	Ensuring transparency and building trust through clear communication of priorities, achievements and impact.
Our partners and stakeholders	Highlighting our measurable outcomes, fostering confidence, and supporting collaboration with businesses, the VCSE sector, providers, and grant recipients.
Overview and Scrutiny Committee and Audit and Standards Committee	Ensuring robust governance and accountability.
Finance and Investment Board	Monitoring programme financial performance and investment outcomes.
North East Senior Leadership Team	Driving internal performance and operational excellence.
North East Combined Authority Team	Supporting delivery and coordination of initiatives.
UK Government	Meeting statutory and funding requirements, demonstrating effective use of resources.



Our approach to Performance Management

Our performance management framework will be structured around four broad themes. They are:

Missions

Our Missions keep us focused on driving long-term change and creating meaningful impact. We will analyse both quantitative data and qualitative insights to understand progress and impact.

Investment Delivery

We will use our Single Assurance Framework to assess value for money and the potential impact on our Missions. Data gathered through our assurance processes will be used to support performance reporting related to this pillar.

Delivery Plan

We will report against our organisation-wide Delivery Plan, showing all teams are contributing to the overarching goals set out in our Corporate Plan. The quarterly review cycle will ensure delivery stays on track and that all activity is aligned to the delivery of one or more of our Missions.

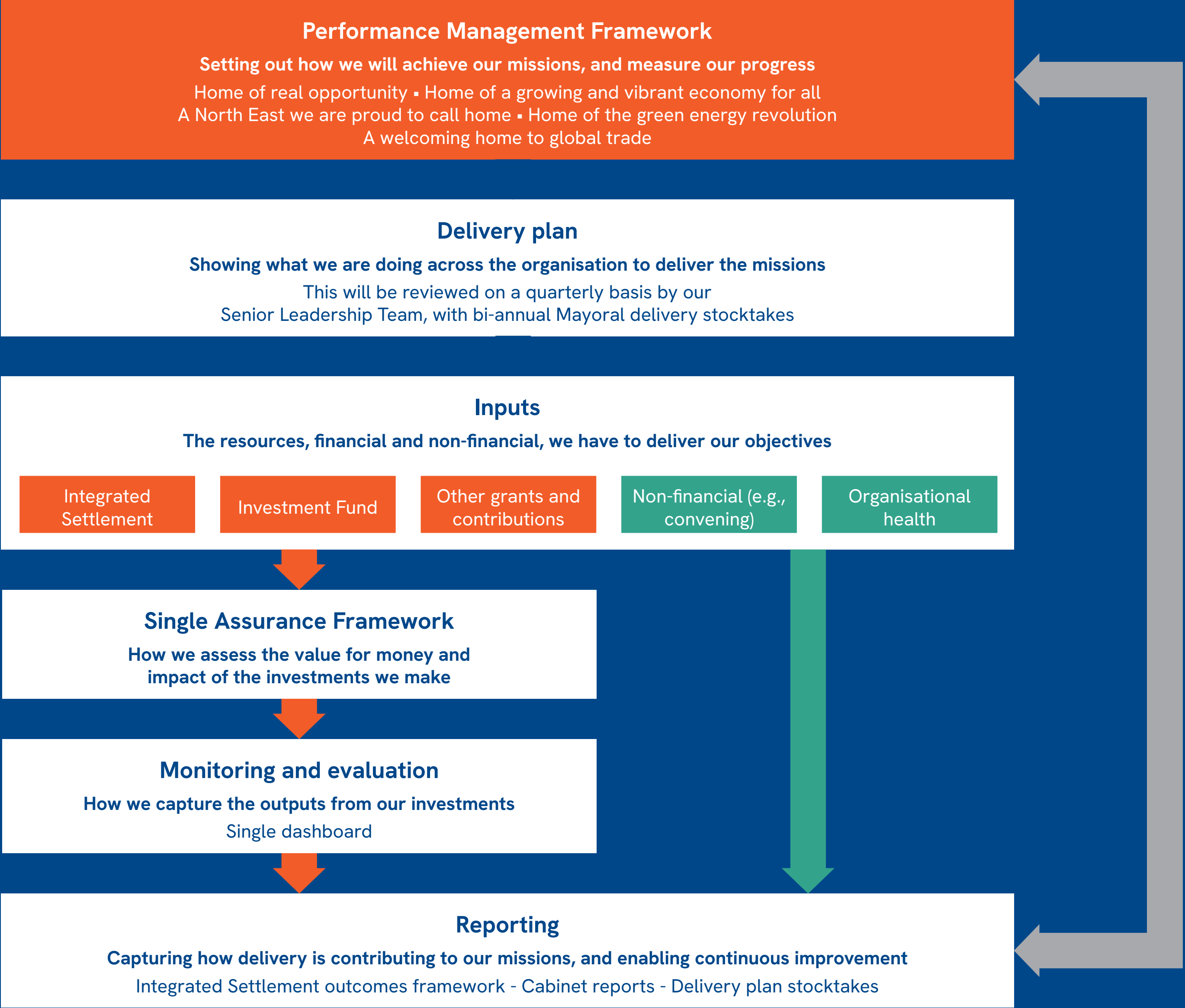
Organisational Health

We will ensure the North East CA is set up to operate effectively and efficiently. This means clear budgeting and assurance processes, harnessing data and technology, implementing a trust-building communications strategy, and a building a strong culture that empowers teams to deliver.

Together, these create a cohesive structure that ensures resources are directed effectively and efficiently to achieve measurable impact. We will establish a regular reporting process, to ensure we stay accountable to our Mayor, Cabinet, and the people we serve.



Aligning our performance management framework with existing performance tracking and decision-making processes, allows us to effectively monitor impact, guide investment decisions, and achieve the priorities outlined in our Corporate Plan.



Our missions



The North East CA’s performance management framework sets out how we will define success, and how we will measure it






The indicators we propose to monitor in our Performance Management Framework have been carefully selected, and align with the outcomes we want to see under each of our Missions.

These indicators provide a clear and concise overview of progress, ensuring that we remain focused on delivering meaningful outcomes for the region – and are underpinned by the wider set out of outputs delivered across our investments.

Importantly, they are also closely aligned with our Investment Framework, which provides a deeper level of detail around the outcomes and measures for each mission.



The outcomes and indicators we plan to measure align clearly with the outcomes we want to see for the North East region, in line with the North East CA’s missions; and with the outputs we deliver across our investments

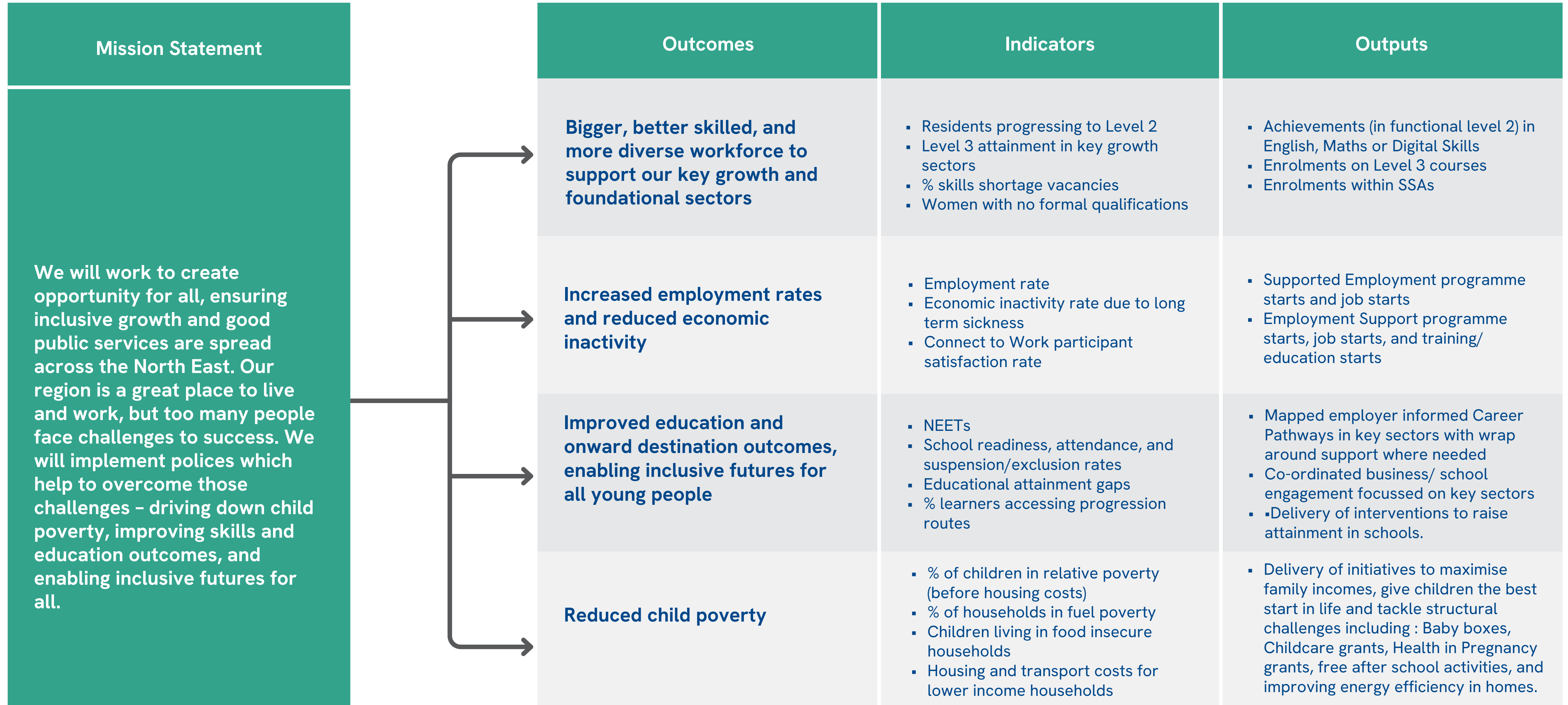
Headline Outcomes: Reduced Child Poverty; Higher GVA; Improved Productivity; Higher Employment; Reduced Economic Inactivity				
 Home of real opportunity	 A North East we are proud to call home	 Home to growing and vibrant economy	 Home of the green energy revolution	 Welcoming home to global trade
<ul style="list-style-type: none">▪ Bigger, better skilled, and more diverse workforce to support key sectors▪ Improve employment rates and reduced economic inactivity▪ Improved career pathways▪ Reduced child poverty	<ul style="list-style-type: none">▪ More reliable, sustainable and accessible infrastructure▪ Safer and greener transport▪ More safe, affordable and accessible housing▪ Improved places	<ul style="list-style-type: none">▪ Improved business productivity, supporting local growth▪ Improved employment opportunities▪ Stronger growth across the region	<ul style="list-style-type: none">▪ Supply skills to support more green jobs▪ More green energy technologies and solutions▪ Improved environment	<ul style="list-style-type: none">▪ Increased levels of foreign direct investment▪ Increased export activity▪ Increased investment in North East businesses
<ul style="list-style-type: none">▪ Addressing skills shortage vacancies▪ Narrowing the gap in employment rates and economic inactivity▪ Narrowing the gap in education and skills attainment▪ School readiness, attendance and retention▪ Reduction of people not in education, employment or training (NEETs)▪ Reduction in children in relative poverty▪ Higher residual Household Income (focused on increased wages and decreased housing, heating and local public transport costs for income deprived households.	<ul style="list-style-type: none">▪ More affordable, quality houses unlocked and delivered▪ More rural businesses and land-based industries supported through growth infrastructure and support.▪ Higher percentage of journeys made by walking, wheeling, cycling, and public transport▪ Higher percentage of households have access to a hospital, GP, secondary school, town centre, 10,000 jobs within 45mins using public transport▪ Reduction in the number of those killed or seriously injured on our roads.	<ul style="list-style-type: none">▪ More jobs in priority sectors (green, creative, AM, life sciences, tech, defence)▪ Increased gross disposable household income (GDHI) per head▪ Lower proportion of people earning hourly pay below the living wage▪ Higher median and lower quartile full-time weekly employee pay▪ Reduced wage/GVA gaps within the North East▪ Increased productivity	<ul style="list-style-type: none">▪ More green Energy businesses, jobs and apprenticeships▪ Higher FDI in green energy▪ Providing opportunity for increased use of Zero Emission Vehicles in the North East▪ Improving the direct environmental impact of transport networks and operations▪ More spinouts supported▪ More clean energy installations and energy generation (KwH)▪ Reduced greenhouse gas emissions▪ More households provided with advice and take-up of energy efficiency measures▪ More natural land improved and private investment in natural capital▪ More flood and climate resilience measures	<ul style="list-style-type: none">▪ Increased investment in NE to improve job quality▪ Stronger international relationships and trade links▪ More engagement with potential inward investors▪ Implement refreshed Access to Finance programmes

NB – these indicators have been developed in collaboration with relevant directorates



Home of real opportunity

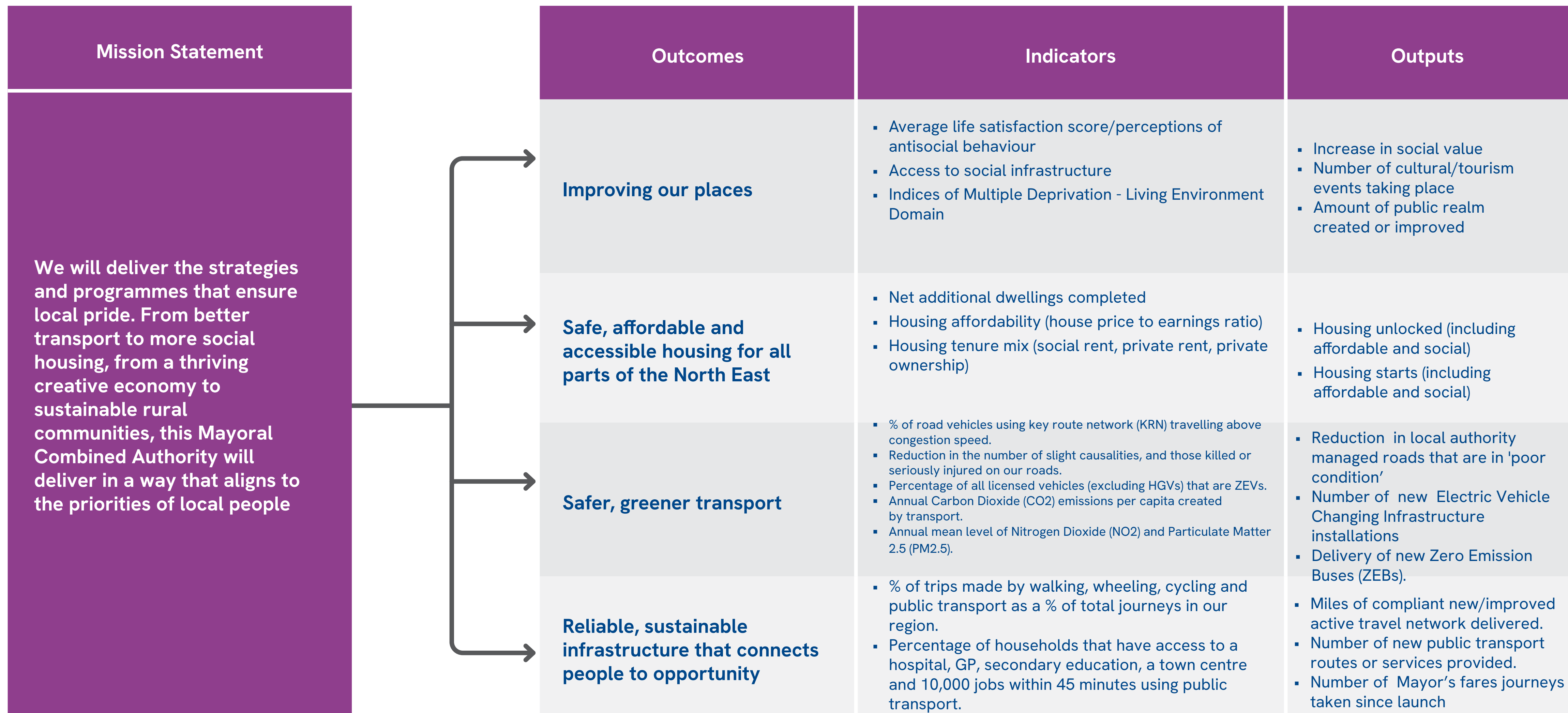
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A North East we are proud to call home

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Home to a growing and vibrant economy for all

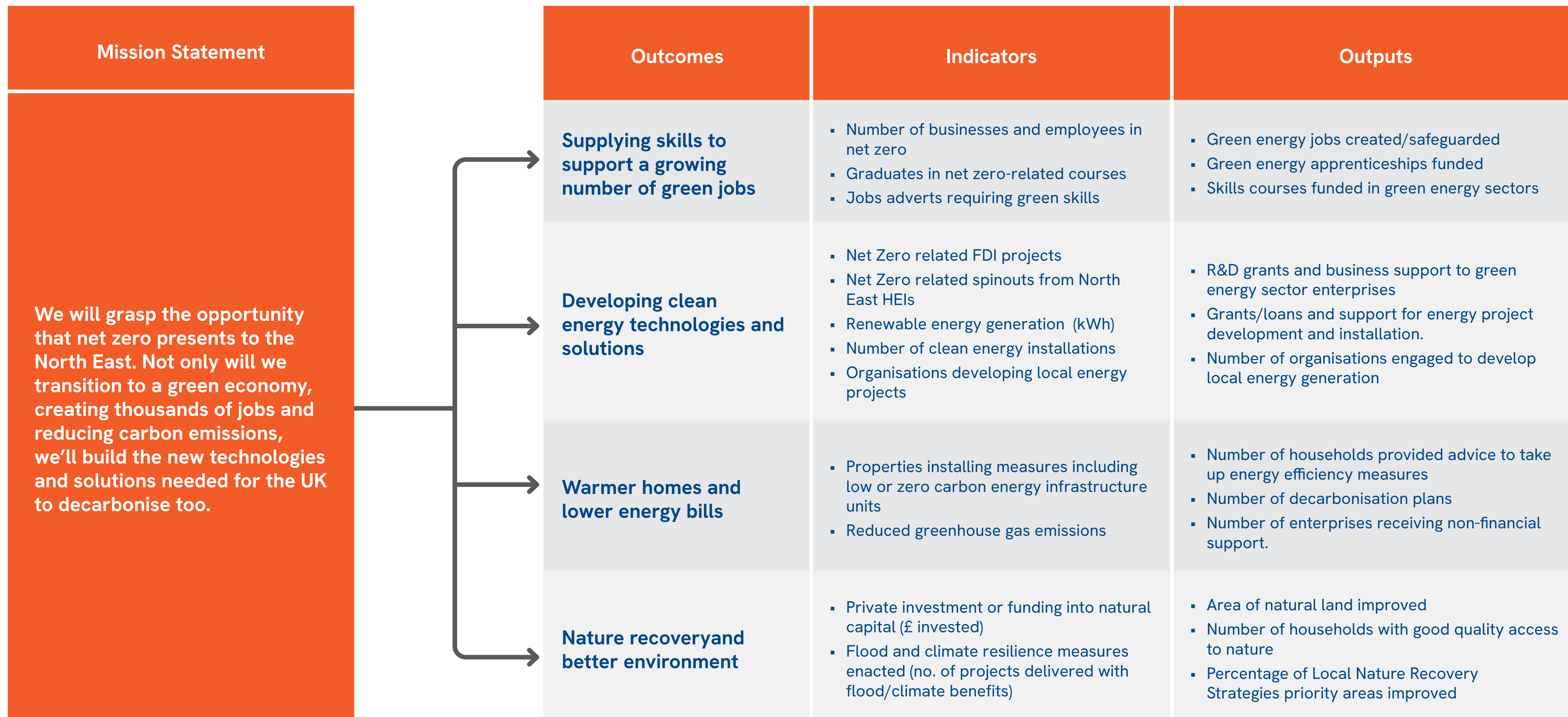


NB – support for skills is captured as part of the Home of Real Opportunity, but will also contribute to making the North East home to a growing and vibrant economy for all.



Home of the green energy revolution

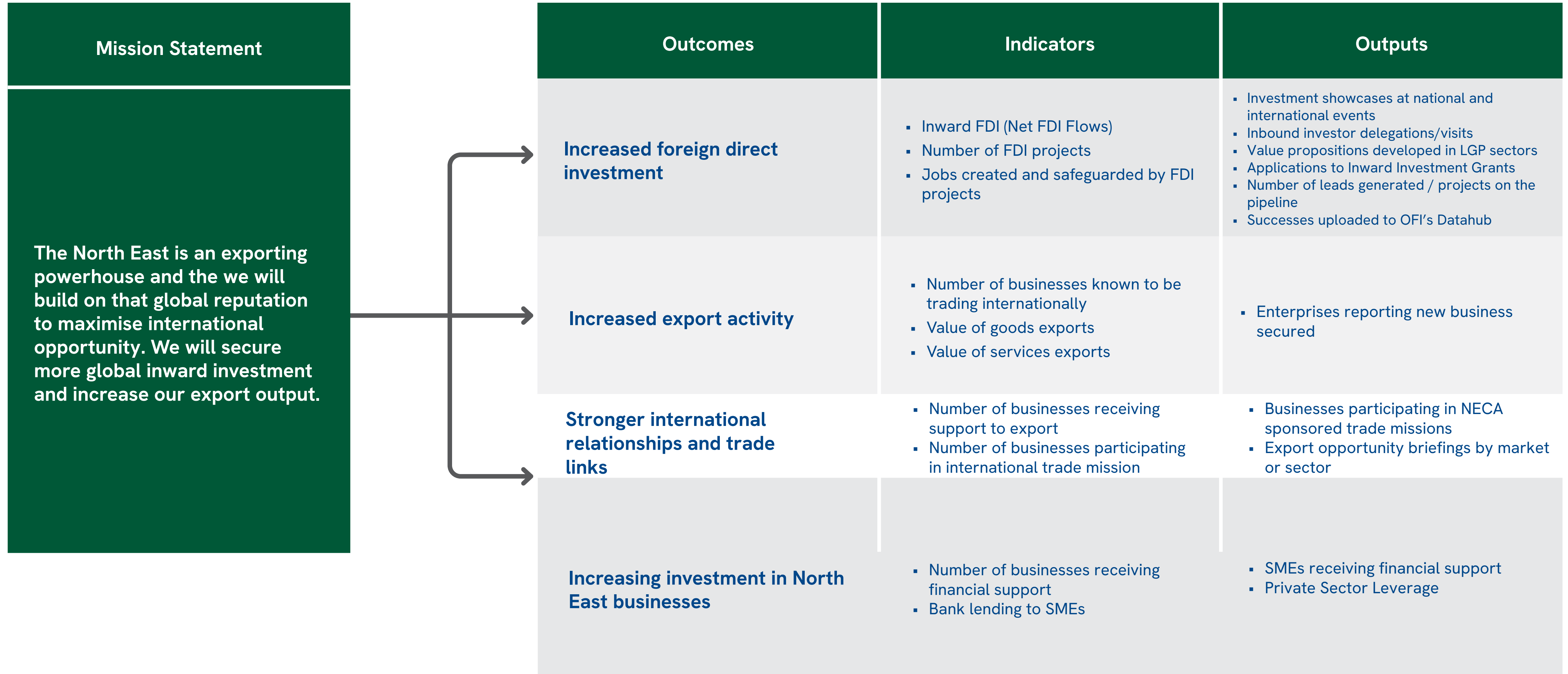
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A welcoming home to global trade

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Investment delivery





Our investments are key to delivering these outcomes...

To ensure investments deliver maximum value and impact, we are committed to transparent, accountable, and results-driven investment practices. Central to this is our Investment Framework, which provides a detailed approach to aligning investments with our strategic missions and ensuring resources are deployed effectively.

All investments will also be governed by our Single Assurance Framework, offering clear evidence of value for money and long-term impact, while the Investment Framework serves as a vital tool to guide decision-making, measure outcomes, and reinforce our commitment to driving meaningful, mission-aligned progress for the region.

We will also report at six-monthly intervals on progress towards the outcomes and indicators linked to investments made through our Integrated Settlement as required by the Ministry for Housing, Communities and Local Government.

Key principles of investment delivery performance include:

Strategic alignment

Ensuring every investment supports the missions and priorities outlined in the Corporate Plan and Investment Framework.

Value for money

Monitoring and evaluating value cost and benefits to help ensure resources are used effectively.

Performance monitoring

Establishing clear metrics to track progress and measure outcomes.

Risk management

Identifying and mitigating risks to safeguard investments and ensure successful delivery.

Transparency and reporting

Providing regular updates to stakeholders, reinforcing accountability and trust.



We will report regularly to a range of audiences on our investments’ performance, including:

Performance outputs	Reporting to	High-level content summary	When
Integrated Settlement outcomes framework	The Ministry for Housing, Communities and Local Government	<p>For funds in scope of the Integrated Settlement, we will report:</p> <ul style="list-style-type: none">▪ RAG (Red, Amber, Green) rating that provides an assessment of progress towards achieving the targets by the end of the SR▪ Spend profile, including spend to date against the Integrated Settlement themes and any quantum moved between themes▪ Forecast underspends at the end of the financial year (capital and revenues totals), for information purposes only▪ Risk management (for example fraud risk), if necessary▪ A short narrative update highlighting any key changes (including any quantum moved between themes), progress and highlights▪ Section 73 Officer or equivalent Officer sign-off to confirm investment under the Integrated Settlement has complied with the authority’s legal duties for best value, propriety, regularity, and value for money	6-monthly
Programme Packs	Finance and Investment Board and North East CA Senior Leadership Team	<p>Report includes contextual narrative and data on:</p> <ul style="list-style-type: none">▪ Total of fund▪ Funding committed, funding remaining, funding spent▪ Capital and revenue split and profile across five years▪ Outputs (forecast and achieved)▪ Risks▪ Overview of Investment Pipeline	Quarterly
Investment profiles and pipeline dashboard	North East CA Senior Leadership Team	<p>Dashboard to include key information for the senior leadership team to monitor progress and risk, including:</p> <ul style="list-style-type: none">▪ Funding committed and funding remaining▪ Output forecast and achieved▪ Key risks▪ Overview of Investment Pipeline	Monthly
Project investments published on website	The Public	<ul style="list-style-type: none">▪ High-level overview of key investment projects, including case studies of the impact they are making	Ongoing

Delivery Plan





An organisation-wide delivery plan will ensure all directorates are working towards our missions.

Each directorate will set annual objectives and delivery milestones for the key projects which will help deliver these, aligned with the outcomes and indicators in this framework.

Objectives and milestones from each directorate will be aggregated together into a single delivery plan for the organisation. This ensures that we have a single version of the truth and can be used to creating different reporting products for various audiences.

We will keep the plan under regular review as part of our wider schedule of reporting and implement action plans where delivery is at risk.

Performance outputs	Reporting to	High-level content summary	When
Monthly reviews	Policy, Planning and Performance team	The Policy, Planning and Performance team will meet with Heads of Service across all directorates on a monthly basis for a light-touch review of milestones, to review any progress, identify potential slippage and where required add new content for the quarter to the plan.	Monthly
Performance report	SLT and mayor's team	We'll produce a quarterly report for North East CA's senior leadership team and the Mayor's team which details progress against milestones set out in the delivery plan for each directorate. The report will also include a section looking at what's on the horizon for future quarters.	Quarterly
Mayoral delivery stock takes	The mayor	The performance reports will inform meetings between the mayor and each director to track delivery against missions and manifesto priorities.	Bi-annually



Organisational Health





Our organisational health will be key to effective and efficient delivery.

We will build a culture that reflects our values and ambitions, nurturing a diverse and talented team committed to delivering meaningful outcomes for the people of our region.

Every colleague will understand how their role contributes to the collective success of the organisation and will take ownership of improving organisational efficiency.

We will set targets against key measures for each of the components of our people and transformation strategy – set out overleaf.

Key components of the People and Transformation Strategy include:

Workforce Planning

Ensuring the right people are in the right roles to meet current needs, and identifying and developing leaders for the future.

Talent Development

Building capability through training, mentoring, and career progression opportunities.

Data and Systems

Using technology to enable efficient and effective delivery, monitoring, and reporting across the organisation.

Operational efficiency

All team members understand the importance of, and take steps to improve, the efficiency of the organisation.

Employee Engagement

Maintaining motivation by promoting a culture of inclusivity and collaboration.

Wellbeing and Support

Providing resources and initiatives to promote colleague health and resilience.



Our team is crucial to everything we do – we will make sure colleagues have the opportunities and support to thrive.

Performance outputs	Reporting to	High-level content summary
Engagement score (EI) and employee net promoter	Our employee index helps us measure how engaged our colleagues are with the organisation. It helps us increase retention, decrease absence, and improve performance and loyalty.	<ul style="list-style-type: none">▪ EI -KPI is to 7.4 by October 2026
Headcount management	This is crucial to understand stand how we plan and manage our workforce	<ul style="list-style-type: none">▪ Headcount v Budget variance
Employee turnover	Key metric to understand organisational trends and understand any problems.	<ul style="list-style-type: none">▪ <10% in a 12 month period
Diversity metrics	This is another crucial metric. It underpins our strategic goals, ensuring we hire from a range of environments driving diversity in thinking, innovation and creativity.	<ul style="list-style-type: none">▪ Ethnicity - increase to 5%▪ 50:50 Gender Balance by grade
Talent trends	Key metric to measure how well we are preparing leaders, future leaders or subject matter expertise within our workforce. These metrics play a key role in our workforce strategy measure	<ul style="list-style-type: none">▪ %5 of our colleagues are in the ready to move talent box.▪ Each role has a successor ready 18-24 months.

To be efficient, we need strong processes and to make the best use of technology.

Measures	Why is this important	Target
Technology Adoption	Reduction in manual processes and average cost savings in terms of employee time.	>75% adoption rate = 30 minute time cost saving per employee per day
Process Efficiency	Reduction in process time through workflow automation increasing agility in decision, speed of task completion	<ul style="list-style-type: none">▪ >15% of workflow automation▪ =10% increase in productivity rates
Financial Efficiency	Operating costs as % of headcount	<15% of h/c is attributed to operating costs
Programme Management Office	% of projects delivered on time and budget	>85% of projects are delivered on time and in budget
System Integration Effectiveness	Definition: % of core systems integrated to enable seamless data flow and reduce manual intervention.	>70% of systems integrated across departments.
Change Readiness	Survey score based on employee feedback, training completion rates, and leadership engagement in transformation initiatives. This measure helps us assess organisational readiness for change	>75% readiness score before major transformation phases.



A clear budget process is crucial to ensure we deliver on a sustainable footing.



Clear budget-setting and reporting is integral to the Performance Management Framework, ensuring that financial resources are allocated effectively and deliver maximum value.

When referring to the budget, we include both the corporate operational budget and our investment programme budgets.

It's important we report on:

Accountability and transparency

Demonstrates responsible management of public funds and builds trust with stakeholders.

Resource allocation

Ensures resources are directed toward priority areas that align with strategic goals and deliver impact.

Performance evaluation

Links financial performance to project outcomes, enabling informed decision-making interventions or course corrections as required.

Risk management

Identifies potential financial risks early and implements mitigation strategies.

Assurance

Meets legal, regulatory, and audit requirements, reinforcing governance standards.

Our budget monitoring process follows an annual cycle with pre-engagement with our local authority partners and an opportunity for the public to comment on our proposals.



We will also ensure our budget process adapts to the needs of the Integrated Settlement, enabling flexibility while ensuring delivery of the outcomes agreed with Government.



Data





We will use both cutting-edge data and qualitative approaches to measure our impact.

Using data to track progress

Our headline indicators come from national datasets, which often take time to show measurable shifts. However, these datasets provide valuable local insights, helping us monitor trends and assess the long-term impact of our interventions. This evidence supports informed policymaking and ensures that investment decisions are strategically focused on addressing identified needs.

By combining national data with real-time local intelligence, we can adapt our activities effectively and remain responsive to emerging priorities.

We have developed a clear set of indicators and measures that will be tracked over time. In addition, we will publish key regional indicators on the North East Evidence Hub, providing accessible, real-time insights into the evidence base supporting our missions.

Hearing from people on the ground

While data provides essential benchmarks, we recognise it only tells part of the story. Our performance management framework also prioritises qualitative evidence to capture the real-life impact of our work.

We will gather local case studies, personal stories, and community feedback to complement quantitative metrics. These insights will help demonstrate the tangible difference we are making for the people who live, work, invest, and study in the North East.

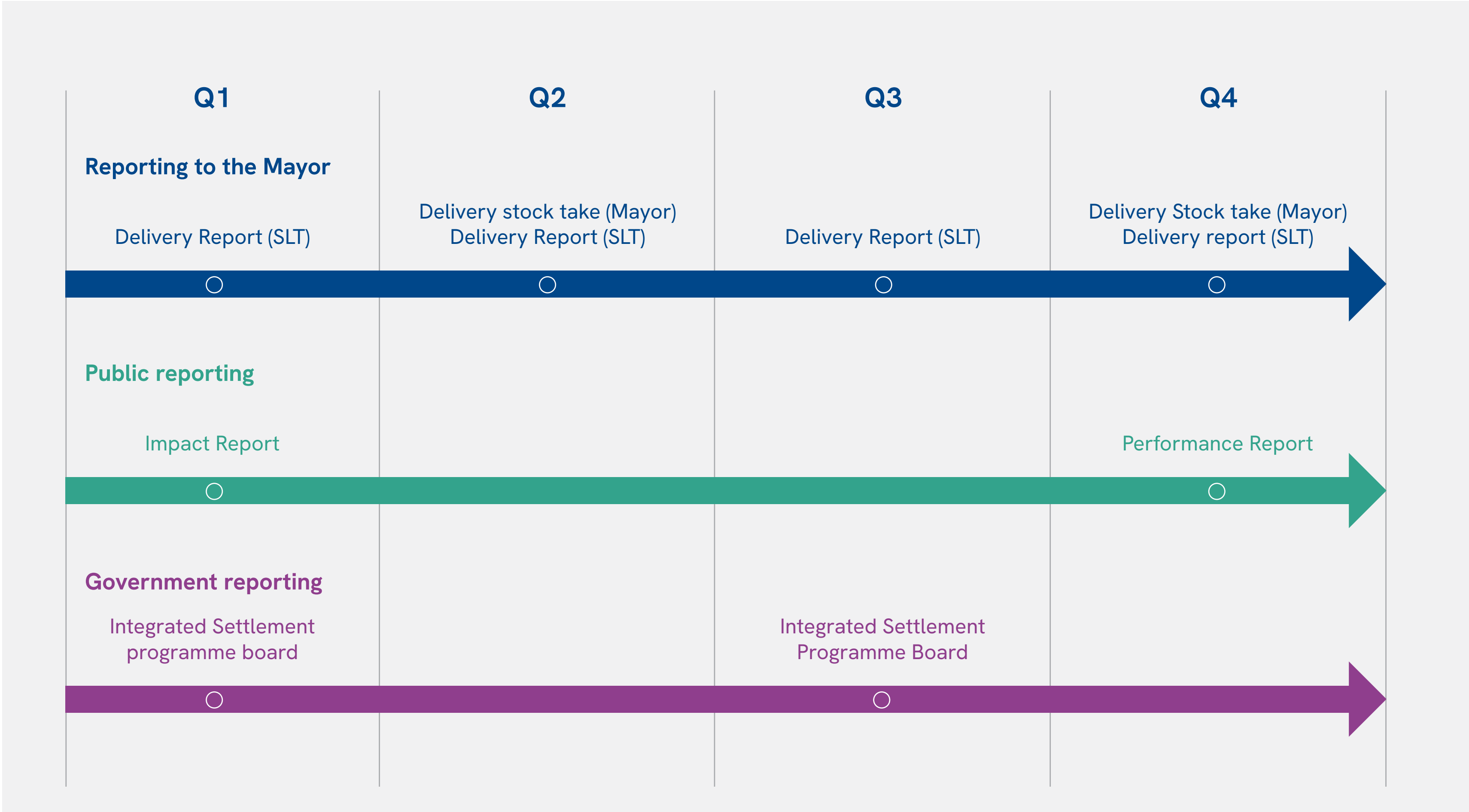
A holistic approach to impact

By combining data-driven analysis with stories from the ground, we can build a comprehensive picture of how our efforts are driving change. This balanced approach ensures we remain accountable, transparent, and focused on delivering long-term impact aligned with our strategic missions.



Reporting Schedule

The following schedule outlines performance reporting requirements across the North East CA as agreed in this framework. This will be reviewed regularly, and individual teams will continue to report to their respective funders according to existing contracts and Grant Funding Agreements.



SLT = Senior Leadership Team.

Summary

Approved by the North East CA Cabinet in [x], this is version one of the Performance Management Framework. This brings together the North East CA’s existing strategies and processes in one place for the first time, giving clarity to its vision, both internally and for delivery partners, stakeholders, and the people the Combined Authority serves.

Taken together, this shows:

- What the North East CA is aiming to achieve across its five missions
- How everything we do contributes to this – from our investments to our organisational health and culture
- When and how we will monitor progress to ensure accountability and enable continuous improvement.

The Performance Management Framework aligns with the same four-year delivery period of the North East CA’s Corporate Plan and will be reviewed as part of the annual cycle of reviewing and revising the Corporate Plan.

As part of the 2026/27 review process, the Performance Management Framework will be revised in line with performance and reporting requirements of the Integrated Financial Settlement the North East CA is due to receive from 2026/27.



If you have any questions about our performance management framework, please contact:

enquiries@northeast-ca.gov.uk or call us on 0191 211 5695

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North East Mayoral Strategic Authority - Integrated Settlement Outcomes Framework 2026/27 to 2028/29

- This document sets out the Outcomes Framework for the North East Mayoral Strategic Authority's Integrated Settlement for 2026/27 to 2028/29. It includes:
 - Strategic priorities across the whole Integrated Settlement, reflecting key local and national priorities, including any related national outcomes or targets.
 - Outcomes, indicators, and targets for 2026/27 to 2028/29, including a strategic narrative for each outcome, and the methodology and evidence underpinning each target.
- The outcomes, indicators, and targets follow the principles set out in the [Integrated Settlement policy](#), specifically:
 - The outcomes framework provides a structured approach to defining, measuring, and reporting on the North East MSA's performance on Integrated Settlement delivery. It sets outcome based targets for local and central government scrutiny, to:
 - provide a single, streamlined approach to accountability and reporting with central government;
 - align local and national priorities;
 - monitor activity which can be genuinely influenced within the Integrated Settlement's themes whilst moving away from existing programme and project specific monitoring of inputs and outputs that central government track;
 - facilitate local flexibility within and across themes in moving away from inputs and outputs;
 - provide sufficient evidence to inform delivery performance within the SR period.
 - The North East MSA will be accountable for delivering the outcomes agreed in this framework during the Spending Review period. The outcome targets have been agreed by the North East MSA and HMG in consideration of both local and national priorities.
 - Monitoring of the outcomes framework is intended to enable joined-up oversight across central government departments for assurance, to identify risks of delivery failure, and to inform possible actions.

- The outcomes are directly linked to the functional responsibilities for the Integrated Settlement for 2026/2027 to 2028/2029.
- The targets have been set against the funds in scope of the Integrated Settlement for this Spending Review period.
- Targets have been set over three financial years - 2026/27 to 2028/29. These targets will be reviewed as part of the next Spending Review in 2027, as set out in the charter of Budget responsibility, with the assumption that future outcomes and targets are built on those agreed for SR25.

Strategic priorities for the North East MSA Integrated Settlement

To include reference to:

- *Overarching regional strategic objectives*
- *Local Growth Plan priorities*
- *Objectives from relevant local strategies (e.g. local transport strategy, local Get Britain Working plans, etc)*
- *Alignment with national priorities, such as the national missions, Plan for Change, and Modern Industrial Strategy.*

[500 – 750 words]

The Integrated Settlement will be key to implementing the North East Mayoral Strategic Authority's five Missions and making the North East:

- The home of real opportunity.
- A place we are proud to call home.
- Home to a growing and vibrant economy for all.
- Home of the green energy revolution.
- A welcoming home for global trade.

We will use the full breadth of funds in scope of the Integrated Settlement to deliver these, bringing this funding together with our Investment Fund (Gainshare) and making the most of the Mayor's wider convening powers to realise our ambitions.

In particular, we will use devolved funding in the Integrated Settlement to implement our Local Growth Plan priority on skills and employability. This will address one of our key barriers to growth, and is in line with the Plan for Change's emphasis on people.

The North East is a great place to live and work. It has vast natural resources, featuring the largest forest and largest reservoir in England. Not only do we already benefit from large areas of woodland and peatland - crucial for carbon capture and ecosystem services - but we have room to expand these even further. Approximately 30% of our area is designated for nature, with internationally important habitats and species populations in our region, attracting 30 million visitors to experience our natural beauty each year.

But we know that to truly make it home to a growing and vibrant economy for all, we need to ensure residents of all ages and from all backgrounds and communities are encouraged and supported to develop their skills and aspirations. We will use our funding, including through the Integrated Settlement, to ensure that people across our region can make progress towards and into work; find good quality, fairly paid jobs, and a career with good prospects; and lead healthy, working lives.

In doing so, we will also ensure our people have the skills to continue delivering the Government's national Industrial Strategy. Our Investment Zone is already landing major inward investors, and we will use the other funding in the Integrated Settlement to do more, including to address our Local Growth Plan priority on innovation.

Success here means maximising the benefits of the £30 billion of investment unlocked through our AI Growth Zone and making them accessible to people across the region. It means ensuring that we have the skills we need in the region to deliver our natural advantages in the offshore wind industry. And it means helping our creative industries flourish, building on a cultural offer including Beamish and the Glasshouse.

We will also use our Integrated Settlement to deliver a green, integrated transport network, in line with the Mayor's Local Transport Plan. We will identify opportunities to increase rail and Metro coverage, make improvements to our sustainable travel network, and unlock housing and commercial developments by addressing transport connectivity issues.

Further, by delivering key transport-enabled projects, such as the nationally significant Leamside Line Investment Corridor, we will play a crucial role in supporting the national Growth Mission, building on the success of the Northumberland Line. It will provide a significant capacity and resilience uplift to the East Coast Main Line, and enhance connections and support for businesses at key sites including Nissan, IAMP, Follingsby, and Integra61; all Investment Zone sites; and the Airport. It will unlock over 10,000 new homes, generate more than 1,000 jobs, and provide a major boost to the region's connections to the rest of the country.

Building on this, we will also use our Integrated Settlement to address the supply and suitability of housing in our region. The North East faces a critical shortage of affordable housing, with over 76,000 people on social housing waiting lists. The North East Mayoral Strategic Authority is committed to addressing this, and want to improve and increase the supply, diversity and quality of housing choices for our residents, providing affordable housing in the right locations.

To achieve this objective, and to support the Government's objective to build 1.5 million homes over this Parliament, we need to make best use of brownfield land and remove barriers to the development of sites that support housing growth. This requires targeted investment that tackles viability challenges, removes barriers to stalled sites, enables land remediation and infrastructure investment. A flexible approach to regeneration and aligned funding streams is therefore paramount, enabling sustainable development that supports the longer-term regeneration needs of our communities. We also look forward to discussing how future funding for housing retrofit can be devolved through the Integrated Settlement, given the region's significant challenges with the quality of our existing housing stock, and its impact on health outcomes.

Overall, our proposed outcomes reflect those of the region, align clearly with the North East Mayoral Strategic Authority's Missions, and will support the Government's Plan for Change. We look forward to working with you to confirm the details of our Integrated Settlement, including the final quantum of the funds in scope; and continuing to collaborate on innovative approaches to policymaking which deliver better outcomes for the people and communities we serve.

Transport and local infrastructure:

Outcome 1: Reliable, sustainable and accessible infrastructure that connects people to opportunity affordably. (A North East we are proud to call home)	
Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it reflects, and how it will support the achievement of relevant national targets or outcomes .	<p>This outcome and linked indicators are deeply rooted in the overall vision and objectives set out in the Mayor's Local Transport Plan as adopted by the North East MSA's cabinet in March 2025 and the cross-cutting themes outlined in the region's Local Growth Plan.</p> <p>The reach of the integrated transport network will expand, connecting people to towns, cities, employment, education, housing and communities, health, leisure and cultural facilities, and other essential services. This will help the region meet its fundamental challenges through the provision of affordable, sustainable, integrated links and opening opportunities, paving the way for growth and further inward investment.</p> <p>By ensuring that our integrated network is extended to all areas of the region where it is needed, not just where it is profitable, our communities – particularly in rural and coastal areas – will benefit.</p> <p>Residents will be proud of the integrated network; visitors and residents alike will enjoy using it. Improved connectivity will make the transportation of freight easier and more efficient, contributing to economic growth.</p> <p>Overall, the indicators set are consistent with national targets and outcomes as previously established in DfT and wider Government policies and strategies as set out in the LTP.</p>

Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
1. % mode share of trips made by public transport	7.6%	8.9%	8.1%	8.5%	National Travel Survey
2. Bus patronage (millions of boardings per year)	102.8	107.2	106.0	106.8	DfT annual bus statistics
3. Bus passenger satisfaction (inc. on personal security and accessibility):	(a) 83% (b) 83% (c) 82%	(a) 84% (b) 84% (c) 83%	(a) 84% (b) 84% (c) 83%	(a) 84% (b) 84% (c) 83%	Transport Focus – Your Bus Journey (YBJ)

(a) % total of all bus passengers very and fairly satisfied with bus journey					
(b) % satisfaction of passengers with personal security on the bus					
(c) % total of disabled passengers very and fairly satisfied with bus journey					
4. Tram / Light rail patronage (millions of passenger journeys)	30.7	33.2	31.2	32.2	DfT Light Rail and Tram Statistics
5. Average number of walking, wheeling and cycling journey stages per year	283	291	286	289	DfT National Travel Survey / Sports England Active Travel Lines
6. Local authority managed roads where maintenance should be considered (categorised as red):	(a) County Durham - 3%	(a) County Durham - 3%	(a) County Durham - 3%	(a) County Durham - 3%	DfT Road Condition Statistics
(a) A roads and Motorways	Gateshead - 1%	Gateshead - 1%	Gateshead - 1%	Gateshead - 1%	
	Newcastle - 3%	Newcastle - 3%	Newcastle - 3%	Newcastle - 3%	
	North Tyneside - 13%*	North Tyneside - 13%*	North Tyneside - 13%*	North Tyneside - 13%*	
(b) B + C roads	Northumberland - 2%	Northumberland - 2%	Northumberland - 2%	Northumberland - 2%	
	South Tyneside - 2%	South Tyneside - 2%	South Tyneside - 2%	South Tyneside - 2%	DfT Road Condition Statistics
(c) Unclassified roads	Sunderland - 1%	Sunderland - 1%	Sunderland - 1%	Sunderland - 1%	
	(b) County Durham - 3%	(b) County Durham - 3%	(b) County Durham - 3%	(b) County Durham - 3%	
	Gateshead - 2%	Gateshead - 2%	Gateshead - 2%	Gateshead - 2%	
	Newcastle - 1%	Newcastle - 1%	Newcastle - 1%	Newcastle - 1%	
	North Tyneside - 5%*	North Tyneside - 5%*	North Tyneside - 5%*	North Tyneside - 5%*	DfT Road Condition Statistics
	Northumberland - 5%	Northumberland - 5%	Northumberland - 5%	Northumberland - 5%	
	South Tyneside - 3%	South Tyneside - 3%	South Tyneside - 3%	South Tyneside - 3%	
	Sunderland - 1%	Sunderland - 1%	Sunderland - 1%	Sunderland - 1%	
	(c) County Durham - 21.7%	(c) County Durham - 21.7%	(c) County Durham - 21.7%	(c) County Durham - 21.7%	
	Gateshead - 21.7%	Gateshead - 21.7%	Gateshead - 21.7%	Gateshead - 21.7%	

	(c) County Durham - 21.7% Gateshead - 21.7% Newcastle - 29% North Tyneside - 8.5% Northumberland - 18.0% South Tyneside - 19.3% Sunderland - 18.3%	Northumberland - 5% South Tyneside - 3% Sunderland - 1% (c) County Durham - 21.7% Gateshead - 21.7% Newcastle - 29% North Tyneside - 8.5% Northumberland - 18.0% South Tyneside - 19.3% Sunderland - 18.3%	Northumberland - 5% South Tyneside - 3% Sunderland - 1% (c) County Durham - 21.7% Gateshead - 21.7% Newcastle - 29% North Tyneside - 8.5% Northumberland - 18.0% South Tyneside - 19.3% Sunderland - 18.3%	Newcastle - 29% North Tyneside - 8.5% Northumberland - 18.0% South Tyneside - 19.3% Sunderland - 18.3%	
Contextual indicators (no targets)					
Delivery of transport capital programme:	N/A				LTA reporting
a. The number of schemes in development / delivery / completed b. The percentage of capital spend in development / delivery / completed					
Public transport, walking and cycling connectivity score to key destinations (education, leisure and community, health, shopping, residential and workplaces)					DfT Connectivity Tool

<p>Bus punctuality and reliability:</p> <p>(a) % of buses departing from stops no more than one minute early and no more than five minutes fifty-nine seconds late across all routes</p> <p>(b) % of bus journey km cancelled</p>		<p>DfT Bus Open Data Service (BODS) – <u>would welcome a further conversation with DfT on this before setting baselines and targets.</u></p>
Miles of compliant new / improved active travel network delivered		LTA Reporting through Active Travel Update Your Capital Scheme (UYCS)
Outcome 1: Supporting evidence		
<p>a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?</p>	<p>The indicators form a core component of the Mayor's Local Transport Plan. They are cross cutting measures of progress to deliver the vision linking to the five corporate missions and three strategic themes for transport around:</p> <ul style="list-style-type: none"> • A More Inclusive Economy; • A Healthier North East; and • A Better environment. <p>The indicators selected around sustainable transport give a focus on achieving a direction of travel change in encouraging modal shift and were selected when developing the Transport Plan to showcase measurable change in performance around the overarching shift to travelling by sustainable means, connectivity to services using public transport and a well-functioning highway network that is resilient, enabling reliable journeys.</p> <p>We test our policies and interventions against the impact that they will have on making it easier for residents and visitors to travel sustainably. One such measure that has been implemented is a package of affordable public transport fares. We are developing an indicator in this regard that tests our ability to maintain fares at an affordable level across the region. This indicator will be proposed once further work has been concluded.</p>	

	<p>Further detail on the indicator selection process is available in the Local Transport Plan and the accompanying Integrated Sustainability Appraisal.</p> <p>With a more reliable network, we can deal with the root causes of punctuality and reliability and present the platform for patronage growth measured as a single indicator across the percentage of journeys undertaken by sustainable modes. This indicator includes active travel and public transport as main mode and represents the best balance given the diverse nature of the region with rural coastal and urban areas.</p>
<p>b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.</p>	<p>A basket of indicators and key performance indicators were tested through the development of the LTP, seeking to balance demonstration of positive change, alignment to objectives and measurability through data sources that are both readily available and reliable in order to draw reasonable conclusions. These represented the best balance and together assist in the monitoring and evaluation of the transport plan and what actions we need to take.</p> <p>The National Travel Survey documentation notes that NTS data is collected at a national (England) level and as such the weightings are designed for analysis at the national level. As a result, estimates at the Combined Authority layer should be interpreted with caution. NTS sample sizes for our region in the past few years are small, at around half of pre-Covid sample sizes. Therefore, a rolling, three-year average figure would provide a more appropriate level of caution when using survey data to understand the regional baseline.</p> <p>Regarding travel behaviours, there are only a small number of years of data post Covid lockdowns, some of which include an unquantifiable amount of readjustment back from heavily reduced journey numbers to a more standard 'new normal' position. A three-year average baseline takes into account uncertainty in the data, and provides a more robust position to work from.</p> <p>Bus patronage has been positively influenced by the expenditure of Bus Service Improvement Plan (BSIP) funding, with patronage moderately increasing throughout the BSIP monitoring period owing to the provision of a range of fares and ticketing products supported by this funding, including £1 fares for those under 22 years of age; and an adult single fare cap below that set by government. Trend data in the North East and across other MSA regions shows that this growth has generally begun to slow or stagnate, and in a privatised bus market, the North East MSA does not have the full set of levers available to it to dramatically positively influence patronage beyond fare subsidies.</p>

	<p>Nonetheless, the North East MSA remains committed to continuing to increase patronage wherever possible, including through continued subsidies and via our Enhanced Partnerships; and so have set a positive growth target for this indicator.</p> <p>The North East MSA's ability to deliver this will, however, depend on the quantum of funding received through the Consolidated Local Authority Bus Grant within the Integrated Settlement, so this target should be seen as indicative until that funding is confirmed.</p> <p>On roads considered for maintenance, the North East MSA is content to include an indicator measuring this across A roads, B+C roads and unclassified roads, given that maintenance funding allocation responsibilities is being transferred from the DfT to the MSA via the Integrated Settlement. However, maintenance activities are the statutory responsibility of the constituent Highways Authorities of the MSA. Without genuine operational control it is unclear what additional levers the MSA has to positively affect significant change in outcomes in this area above and beyond what the DfT has been able to achieve when it was responsible for the allocation of maintenance funding. Furthermore, the level of funding available for maintenance activities has been held relatively flat since 2019, not accounting for inflation, which is why targets and trajectories have been set at the baseline level.</p>
c. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)	The outcomes and linked indicators which have been developed for our LTP utilise data that are available at a regional level and updated in a timely fashion, aligning to our committed reporting timescales. The nature of these data sources will ensure that reporting of our outcomes highlights any areas of focus and subsequent action which may be necessary.
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>We are to some extent reliant on the national datasets to derive change, not least the National Travel Survey. If there is a change in composition and timing of those surveys this could impact on the ability to derive conclusions. In this scenario a wider set of datasets would be used.</p> <p>There is an interplay between transport investment and new housing and commercial development. In particular, there is an opportunity within the emerging Strategic Development Strategy (SDS) process to improve the integration in planning and deliver improvements in connectivity and use of public transport.</p>
e. Further information	<i>[To be completed when process finalised to record any supplementary information that may be useful for the Programme Board when assessing progress against this outcome]</i>

Outcome 2: Safer, Greener transport helping people to travel more sustainably, improve safety and reduce health and gender inequalities. (A North East we are proud to call home.)

Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it reflects, and how it will support the achievement of relevant national targets or outcomes .	<p>All journeys are good; each benefits our economy. However, greener journeys are even better as they also benefit our environment and health. Through the delivery of our LTP, a green, integrated transport network that works for all will be realised, enabling more people and freight to make greener journeys. Achieving this aim will ultimately support the delivery of our five missions.</p> <p>People's safety should and will be central to the network, with a particular focus on the safety of women, girls and other vulnerable groups. Through the delivery of measures to improve safety, the North East MSA will give people a greater level of confidence in using the network. We are developing a set of indicators to support the achievement of this outcome. Data underpinning those indicators will be collected in a coordinated manner and reported consistently. This measure can be added to a future iteration of the outcomes framework.</p> <p>We are confident that the achievement of this identified outcome will positively support national targets around this theme.</p>
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Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
1. Number of road casualties Killed or Seriously Injured (KSI)	633	610	625	620	DfT Road Casualties statistics
2. Number of NO2 roadside monitoring sites in exceedance of the statutory concentration limit	1	0	1	1	Local Authority Monitoring Data and DEFRA National Monitoring Network
3. % of the bus fleet that is zero tailpipe emission	1%	10%	5%	7.5%	DfT Annual Bus Statistics.
Contextual indicators					

Provision of Electric Vehicle Supply Equipment and charging devices, including pavement channels, on LA controlled land	N/A	LTA Reporting
Estimated annual transport carbon impacts up to 2050, disaggregated by (a) user emissions, (b) infrastructure carbon emissions		

Outcome 2: Supporting evidence		
f. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?	<p>The measures proposed align to our Local Transport Plan (LTP). The LTP aims to create a green, integrated transport network that works for all, and in so doing support the authority's Missions. The measures within the LTP measure how well we are achieving its aims, such as by supporting our sustainable transport network and the safety of the road network.</p> <p>Only measures over which we have appropriate influence were considered, as well as measures that we could monitor for our region specifically rather than national data.</p>	
g. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.	<p>A basket of indicators and key performance indicators were tested through the development of the LTP, seeking to balance demonstration of positive change, alignment to objectives and measurability through data sources that are both readily available and reliable in order to draw reasonable conclusions. These represented the best balance and together assist in the monitoring and evaluation of the transport plan and what actions we need to take.</p> <p>NB - road casualty data can be sensitive to fluctuations, with one incident having the potential for several casualties. Therefore, as for indicators in the other transport outcome, a three-year rolling average is a more suitable indication of the underlying pattern and position.</p>	
h. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)	The outcomes and linked indicators that have been developed for our LTP utilise data that are available at a regional level and updated in a timely fashion which aligns to our committed reporting timescales. The nature of these data sources will ensure that reporting of our outcomes will highlight any areas of focus and subsequent action which may be necessary.	

i. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>There are many external factors at play within this dataset and only so much influence that public authorities can have. Examples are carbon output per capita and uptake of ZEVs. The North East MSA is focused on ensuring that the infrastructure and services that enable both are provided, working with all parties to make it easier to choose more sustainable forms of travel.</p> <p>The percentage of licenced vehicles that are zero emission means influence is both limited and dependent on the performance of the taxi and private hire market. That market has shrunk over recent years. We have established partnership arrangements to understand key trends and what measures can be taken.</p>
j. Further information	<i>[To be completed when process finalised to record any supplementary information that may be useful for the Programme Board when assessing progress against this outcome]</i>

Skills and Employment Support:

Outcome 3 – More residents from all communities and age groups progress into well-paid work through enhanced support to improve their skills and aspirations. (Home of real opportunity)	
<p>Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it reflects, and how it will support the achievement of relevant national targets or outcomes.</p>	<p>The North East will be home to a growing and vibrant economy for all. We will ensure residents of all ages and from all backgrounds and communities are encouraged and supported to develop their skills and capabilities, make progress towards and into work, find good quality, fairly paid jobs, and find a career with good prospects, and lead healthy, working lives.</p> <p>Our economy will thrive as our employers recruit more of the skilled staff they need, and we invest in workforce progression to support and grow our key sectors and the foundational economy, now and in the future. With good quality, sustainable jobs, more of our residents, families and children will fulfil their potential, enjoying a better quality of life in prosperous, healthier neighbourhoods.</p> <p>This outcome is directly linked to the functional responsibilities for employment and skills as follows: SES-1 - All non-apprenticeship adult skills funding and functions, including but not limited to:</p> <ul style="list-style-type: none"> • Ensuring that residents aged 19 and over in their area, who are eligible for funding, have access to appropriate education and training; • Encouraging and providing adults with the skills and learning they need to equip them to progress into, or within, work; or equip them for an apprenticeship or other learning; and

	<ul style="list-style-type: none"> Provision of statutory entitlements to provide free courses for adults. <p>SES-2 - Responsibility for supporting disabled people, people with long-term health conditions, and other agreed disadvantaged groups with complex barriers who are economically inactive, or at high risk of becoming economically inactive, to sustain work through delivery of supported employment.</p> <p>SES-3 - DWP and the North East MSA will work together on the joint actions and priorities identified in their local Get Britain Working plan, including relating to how they will work closely with the Jobs and Careers Service to ensure an integrated approach to local and national employment support and a locally responsive system that maximises outcomes for residents and employers.</p> <p>The outcome in this theme considers the government's growth sectors identified in Invest 2035: The UK's Modern Industrial Strategy as well as skills for the foundational economy in sectors such as health and social care, construction and retail, hospitality and the visitor economy given their importance for achieving the Plan for Change and addressing notable skills shortages.</p> <p>This outcome will also contribute to the national target for an 80% employment rate across the UK (as set out in the Get Britain Working White Paper).</p> <p>This outcome is aligned with the North East MSA's local priorities related to employment and skills, identified in our employment and skills strategy, the 'New Deal for North East Workers'. This strategy is a key component of our vision for a better region, setting out the employment and skills improvements our residents, businesses and economy need to thrive. The activities set out in the New Deal for North East Workers underpin our wider ambitions for the region, from reducing child poverty to making us the home of the green energy revolution.</p>
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Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
Number of achievements (in functional level 2) in English, Maths or Digital Skills					Individual Learner Record (ILR)
No. of MSA funded residents progressing to Level 2					Count of learners enrolled on L1

					courses progressed to a L2 course in following academic year) using MCA ILR Occupancy Report
No. of MSA-funded residents achieving Level 3+ qualifications related to 3 of the MSA priority sectors (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech)					ILR
Output indicator <i>[if required]</i>	Target March 2029	Trajectory		Data source	
		March '27	March '28		
Number of enrolments on Level 2 Courses				ILR (question on lag)	
Number of enrolments within SSA's (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech)				ILR	
Supported employment programme starts	11,616	3,702	7,937	HMRC RTE data (PRaP)	
Supported employment programme starts to achieve first earnings	4,664	1,245	2,973	HMRC RTE data (PRaP)	
Out of work supported employment participant starts to achieve a lower threshold job outcome	3,531	815	2,143	HMRC RTE data (PRaP)	
Out of work supported employment participant starts to achieve a higher threshold job outcome	2,443	493	1,424	HMRC RTE data (PRaP)	
In work retention supported employment participants to achieve a higher threshold job outcome	1,306	337	822	HMRC RTE data (PRaP)	

Outcome 3: Supporting evidence

a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?

1. **Number of residents enrolled on Level 2 courses** – this output relates to a key priority for the North East MSA’s Adult Skills Fund, which is to work with a cross section of partners, to reduce the number of residents lacking essential level 2 skills for work. Addressing this will have huge economic benefits: it is estimated that for every full level 2 qualification that an adult starts, the economy benefits by £39,000¹.

2. **Number of enrolments within Sector Subject Areas (SSAs) - (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech)**. This output relates to our ambition to ensure our key growth sectors are equipped with a diverse skilled workforce and that our foundational economy is supported to growth and thrive. Levels of participation in provision related to key growth sectors will enable us to assess whether commissioned activity is strengthening routes into careers in our key growth sectors, additional analysis of participation will identify demographic disparities in skills shortages.

N.B. This output will also enable us to measure increases in participation in skills provision in the Construction Sector as an outcome of additional skills funding through the Construction Package.

3. **Number of achievements (in functional level 2) in English, Maths or Digital Skills** – this output will enable us to measure attainment in basic English, maths and digital skills and assess the success of provision of statutory entitlements.

4. **Number of MSA funded residents progressing to Level 2** – this output will enable us to measure progress of residents completing entry level/level 1 courses progressing to Level 2. A key priority of the North East MSA is to reduce the number of residents with no or low qualifications.

5. **Number of MSA-funded residents achieving Level 3+ qualifications related to MSA priority sectors (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech)** – this output measures the increase in residents qualified to Level 3 in key priority sectors. Demand for training at L3 in sectors such as Digital and Tech, Building Construction and Manufacturing related subjects will continue to dominate. This is a challenge for the North East, where our residents are less likely to be qualified to level three than the national average.

The chosen indicators can be measured through data from DfE’s Individual Learner Record – all skills providers have to submit data to this portal as part of their contractual requirements.

	<p>Other indicators that were considered were ‘Number of residents progressing into a positive sustained destination’. It has proved difficult to identify an appropriate data source for this indicator and, whilst destination data is collected locally, there is a limited baseline and provider data needs to be developed so that it is consistent and measurable.</p>
<p>b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.</p>	<p><i>NB – The skills outcome and output indicators are all based on 19+ classroom-based learners with a North East MSA postcode and funded through North East MSA Source of Funding Code (SOF) 120.</i></p> <p><u>Skills Outcome Indicators</u></p> <p>Number of achievements (in functional level 2) in English, Maths or Digital Skills - Baseline set from DfE published ILR data for academic year 2024-25 (published 27 Nov 2025). Targets and forecast trajectories generated from analysis of two previous years’ published data and ILR extracts shared with MSAs.</p> <p>Number of MSA funded residents progressing to Level 2 – Measure based on those who were enrolled on a Level 1 or below learning aim in academic year 2024-25 (count from published ILR data for academic year 2024-25) who have then enrolled on a Level 2 or above learning aim during AY 2025-26 using ILR extracts shared with MSAs. Please note baseline, targets and trajectories will not be available until November 2026.</p> <p>Number of MSA-funded residents achieving Level 3+ qualifications related to three of the MSA priority sectors (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech). Baseline set from DfE published ILR data for academic year 2024-25 (published 27 Nov 2025). Targets and forecast trajectories generated from analysis of two previous years’ published data on 19+ classroom-based learners with a North East MSA postcode and ILR extracts shared with MSAs.</p> <p><u>Skills Output Indicators</u></p> <p>Number of enrolments on Level 2 Courses - Baseline set from DfE published ILR data for academic year 2024-25 (published 27 Nov 2025). Targets and forecast trajectories generated from analysis of two previous years’ published data on 19+ classroom-based learners with a North East MSA postcode and ILR extracts shared with MSAs.</p>

	<p>Number of enrolments within SSA's (Health & Social Care/Childcare & Development/Building & Construction/Digital & Tech) – Methodology as for number of enrolments on level 2 courses.</p> <p><u>Supported employment</u></p> <p>Targets for supported employment indicators align with those previously agreed with the Department for Work and Pensions for the Connect to Work programme.</p>
c. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)	<p>The proposed data source for the chosen indicators is from the DfE's published Individual Learner Record (ILR) and will include ILR extracts shared with MSAs throughout the year.</p> <p>The DfE have confirmed that R14 ILR data published early November for the academic year 2024-25 can be used to set the base line for the measures. We intend to report from full academic year ILR data.</p>
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>Key risks include accuracy of data in the ILR. All skills providers have to submit ILR data to this portal as part of their contractual requirements. This data is received monthly and validated by the North East MSA's skills team.</p> <p>Please note that there will be a tight deadline in relation to the receipt of ILR data early November for the academic year 2024-25 and carrying out analysis to set the baseline for the indicators. DfE have noted this.</p>
e. Further information	<p><i>[To be completed when process finalised to record any supplementary information that may be useful for the Programme Board when assessing progress against this outcome]</i></p>

Housing and Strategic Planning:

Outcome 4 – More affordable, energy-efficient housing delivered by unlocking brownfield sites and land remediation, supporting regeneration and economic growth. (A North East We Are Proud to Call Home)	
Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it	The North East MSA is committed to addressing the region's shortage of affordable and social housing, including through social rent. Our partnership with Homes England through the Strategic Place Partnership will be

reflects, and how it will support the achievement of relevant national targets or outcomes .	<p>fundamental to achieving this – including by allowing the North East MSA to shape the strategy for delivering the £1.1 billion of Social Affordable Homes Programme funding within the region.</p> <p>However, to meet the national ambition of 1.5 million new homes, the North East MSA will also need to focus on making effective use of brownfield land. This will require targeted investment to tackle viability challenges, remove barriers to stalled sites, and enable land remediation and infrastructure investment. A flexible approach to regeneration and aligned funding streams is also paramount to enabling sustainable development on key sites, that supports the longer-term regeneration needs of our communities as well as driving economic growth across the region. The National Housing Delivery Fund programme, flowing through the Integrated Settlement, will be vital to delivering these interventions.</p>
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Output indicators	Target March 2029	Trajectory		Data source
		March '27	March '28	
Unlocked housing capacity				Internally monitored from outputs/GFAs through funded investment
Number of housing starts				
Number of additional housing completions				

Outcome 4: Supporting evidence	
a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?	<p>‘Housing unlocked’ is an existing indicator (used for example for the existing Brownfield Housing Programme) that recognises the potential housing capacity that brownfield and remediation investment unlocks. This can be measured in the shorter term; for example once contracts are in place and/or planning is achieved and remediation has been completed. It is not tied to housing starts or housing completions.</p> <p>Housing starts and completions could be monitored via grant funding agreements (GFAs) and/or project applicants monitoring this over the longer term. The North East MSA would welcome a further with MHCLG to agree the exact approach once funding quantum for the pillar has been confirmed.</p>

b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.	Assumptions will be based on current delivery programme performance - £23k per unit (based on 33% social and affordable homes).
c. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)	As above, we expect GFAs to be a primary mechanism for collecting data on housing starts and completions, but would welcome further conversations with MHCLG on this.
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>Key risks and interdependencies include:</p> <ul style="list-style-type: none"> • Expectation management on scale of housing starts and completions over the IS period. We have experienced a circa three-year lag in housing starts following Brownfield Housing Fund programme intervention; however, with greater investment in pipeline development we could reduce this to a two year lag on housing starts. • Ensuring market alignment with programme priorities. • There is a need for a longer-term approach to estate regeneration and place-making, including tackling voids and low quality/dense housing stock. This doesn't always result a net increase in housing, or may take longer to deliver, and this will need to be recognised in the targets set in this pillar so that the North East MSA retains the flexibility to use this funding to meet its wider objectives as well as supporting Government to deliver its national housing targets.
e. Further information	<i>[To be completed when process finalised to record any supplementary information that may be useful for the Programme Board when assessing progress against this outcome]</i>

Economic Development and Regeneration

Outcome 5 – Invest in local infrastructure to unlock key commercial sites and address barriers to growth. (A North East we are proud to call home)	
Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it reflects, and how it will support the achievement of relevant national targets or outcomes .	This outcome will measure the impact of interventions designed to unlock our key employment sites, unlocking new private sector investment to create jobs for local residents in the priority sectors outlined in our Local Growth Plan.

	<p>Barriers to investment identified by potential inward investors and existing businesses considering expansion include the high costs of site remediation, often resulting from the industrial legacy of our brownfield sites, and the need to upgrade energy grid and utilities infrastructure.</p> <p>We intend to use the capital funding delivered through this pillar for site remediation and development to improve the competitiveness of the North East and attract new inward investment, creating skilled employment opportunities for North East residents and contributing to the national Economic Growth mission.</p> <p>This outcome will reflect activity under the EDR-1 and EDR-3 functional responsibilities.</p>
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Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
<p>1. Additional floorspace unlocked because of MSA interventions (m²)</p> <p>Amount of space completed or improved in square metres (m²)</p> <p>We propose that unlocked means the development or conversion of floorspace to a new economic purpose of higher value. It means activities including land assembly, enabling or remediation activities, construction and development, and refurbishment.</p>	0	0	0	0	MSA development tracking; planning approvals

Outcome 5: Supporting evidence	
<p>a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why</p>	<p>We are proposing that the definition of the outcome indicator includes the area of land reclaimed, remediated or rehabilitated because of our interventions; and the commercial floorspace created or improved. The inclusion of a measure of land improved will be necessary for projects supported by the North East MSA that are at the pre-construction stage, or where site remediation is necessary to unlock future commercial investment. This can also be measured through monitoring of development plans and planning approvals. The</p>

<p>were these considered less suitable?</p>	<p>indicator “Amount of land reclaimed, remediated or rehabilitated” is currently part of our delivery plan for the North East Investment Zone.</p> <p>This outcome indicator will be used to demonstrate progress on our capital regeneration priorities, including those that are part of our Investment Zone, and town centre regeneration supported by the High Streets Commission. These are projects that will create the facilities to attract inward investment and stimulate job creation in the priority sectors identified in our Local Growth Plan, including creative and green industries.</p> <p>Jobs created through unlocking development in commercial sites will be a key measure of success, and the North East MSA will focus on the priority sectors identified in our Local Growth Plan, including creative and green industries.</p> <p>We have also considered the indicators ‘% of land area with 5G coverage’, ‘increase in vacant units filled’ and ‘total square footage of public realm’. It is possible that funding under this pillar will contribute to projects designed to improve digital infrastructure and high street regeneration, and we will consider how to monitor performance against these metrics through our locally-owned Performance Management Framework.</p>
<p>b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.</p>	<p>We are not proposing to include baselines, targets, or forecast trajectories for this pillar of the Integrated Settlement at this stage. Following receipt of the indicative and provisional quantum for the funds in this pillar, we will need more time to develop our proposals for this funding, and to take programmes and projects through our Assurance Framework.</p> <p>Government has not yet published guidance on the objectives for the new Local Growth Fund, which makes up approximately half of the total funding available for this pillar of the SR period. We understand that the guidance will be published before the end of the year. This will inform our work to develop projects, and the outcomes we expect to deliver with this funding.</p> <p>We are also awaiting further details of the Made Smarter programme for Professional and Business Services.</p> <p>We propose to work towards developing targets for this pillar of the IS in 2026/27, informed by the development of our Performance Management Framework, analysis of projects funded through the UKSPF, and our new business support framework.</p>
<p>c. Provide any further detail about the proposed data sources,</p>	<p>Reporting timescales for the floorspace outcome will be agreed with delivery partners at the contracting stage. Planning applications could form part of the evidence requirements to validate the outcome.</p>

including any considerations for reporting (e.g. timeliness)	
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>Inflation and supply chain risks leading to rising costs are a key risk for capital projects. These can be mitigated by working closely with funding applicants at the design and development stage, robust appraisal processes, and including funding conditions in contracts requiring funding recipients to meet cost increases.</p> <p>There are many factors which could influence rates for job creation, including poor performance of the relevant sector at national and global level. We will mitigate this by maintaining a strong pipeline of inward investment enquiries; developing a combined package of support on infrastructure, business support and planning to improve the competitiveness of North East commercial sites; and working with inward investors and training and skills initiatives to ensure that access to talent is not a barrier to recruitment.</p>
e. Further information	

Outcome 6 – Growth in the North East economy driven by increased business productivity. (Home to a growing and vibrant economy for all)

<p>Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it reflects, and how it will support the achievement of relevant national targets or outcomes.</p>	<p>This outcome will be used to monitor the performance of business support interventions which aim to improve productivity, increase private sector R&D and innovation, and accelerate adoption of new technologies. This includes adoption of AI, building on the North East's designation as an AI Growth Zone.</p> <p>The North East has low rates of private sector R&D and innovation, reflecting weaker adoption and diffusion of technologies. Business investment and innovation are fundamental determinants of economic growth, helping firms remain competitive through the development of new facilities, products and processes. Increasing levels of productivity through investment in R&D and technology adoption in the North East will help to support the national Kickstarting Economic Growth mission, increase regional GVA and create skilled employment opportunities for North East residents.</p> <p>This Outcome will reflect activity under the EDR-1 and EDR-2 functional responsibilities. Pending confirmation of funding lines and guidance, we expect that activity funded by the Local Growth Fund, Investment Zones, Growth Hubs, Made Smarter Adoption Programme, and Creative Places Regional Growth Fund will contribute to this outcome.</p>
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	Kickstarting growth is the government's number one mission, which will be delivered in partnership with businesses. In 'Backing Your Business – our plan for SMEs', government announced a new Business Growth Service as a nationally recognised brand for business support in the UK, integrated with long-term, locally-led delivery through Growth Hubs in England and a new digital service. Local business support provided by the North East MSA using our integrated settlement will align with the national priorities for the Business Growth Service, co-designed with government.
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Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
1. Number of jobs created by MCA interventions in local priority sectors	0	0	0	0	MSAs - programme reporting, potentially using delivery partner returns.
2. Supported businesses demonstrating improved practice: i. Total (target) ii. Engaged in new markets iii. Adopting new to firm technologies / processes / management innovations iv. With new to market products / services	0	0	0	0	MSAs - programme reporting; post-support surveys
3. Improved productivity in businesses supported (subject to agreement of definition)	0	0	0	0	
Output indicator [if required]			Trajectory		Data source
			March '27	March '28	
1. Total number of businesses receiving support: i. Financial support	0		0	0	MSAs – programme reporting

ii.	Non-financial support				
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Outcome 6: Supporting evidence

<p>a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?</p>	<p>Increased productivity is a key measure of success for business support interventions, as this contributes to profitability, sustainability, and the ability of businesses to expand and increase job creation. Increasing aggregate regional productivity is also important for reducing inter-regional inequality and increasing living standards for North East residents.</p> <p>The proposed output indicators will record the total number of businesses in receipt of support funded by the CA (with a breakdown of financial and non-financial support). The outcome indicators will measure the success of these business support interventions, by providing a breakdown of supported businesses which have increased productivity, engaged in new markets, or adopted new technologies or processes. These outcomes are already in use for CA business support programmes and can be monitored through programme reporting.</p> <p>Jobs created through business support interventions will be a key measure of success, and we will focus on the priority sectors identified in our Local Growth Plan, including creative and green industries.</p> <p>We also considered the outcome indicator 'Increase in R&D spend in supported businesses'. We would be interested in exploring HMRC R&D tax relief data as a supplementary regional data source, however this is likely to be time lagged, and we feel the selected outcome indicators will provide a more comprehensive measure of the success of business support interventions.</p>
<p>b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.</p>	<p>We are not proposing to include baselines, targets, or forecast trajectories for this pillar of the Integrated Settlement at this stage. Following receipt of the indicative and provisional quantum for the funds in this pillar, we will need more time to develop our proposals for this funding, and to take programmes and projects through our Assurance Framework.</p> <p>Government has not yet published guidance on the objectives for the new Local Growth Fund, which makes up approximately half of the total funding available for this pillar during the SR period. We understand that the guidance will be published before the end of the year. This will inform our work to develop projects, and the outcomes we expect to deliver with this funding.</p>

	We propose to work towards developing targets for this pillar of the IS in 2026/27, informed by the development of our Performance Management Framework, analysis of projects funded through the UKSPF, and our new business support framework.
c. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)	<p>We will consider the outcome indicator definitions proposed by MHCLG for measuring productivity.</p> <p>Building on existing data sharing arrangements with DBT and the Office for Investment will help to monitor the success of businesses accessing new markets, and develop the pipeline of businesses that could benefit from support interventions.</p>
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>Wider economic conditions will have an impact on the capacity for businesses to engage in support programmes. Maintaining consistent recording processes will be important for data collection post-intervention.</p> <p>We will ensure that business support interventions are aligned with the CAs employment and skills interventions to ensure that opportunities to benefit from new jobs are available to North East residents.</p>
e. Further information	We will provide a summary of activity to drive up visibility and business awareness of the Growth Hub, the Business Growth Service, and broader business support in the area through the narrative report.

Environment and Climate Change

Outcome 7 – Improved natural environment through stronger regional collaboration to deliver our Local Nature Recovery Strategies. (Home of the green energy revolution)	
Provide a strategic narrative for the outcome and demonstrate which of the settlement's functional responsibilities it	The North East's natural environment (on land, river and sea) is increasingly at risk, with a decline in biodiversity resulting mainly from human activities, such as land use changes, pollution, and climate change, as well as the region's unique industrial and mining heritage. We want to build a vibrant and resilient local ecosystem by

reflects, and how it will support the achievement of relevant national targets or outcomes .	<p>delivering nature recovery measures at scale across the entire North East, balancing the needs of nature, communities, and the economy. By investing in our natural assets, we will support local nature recovery by promoting nature-based solutions to land and water management and carbon capture.</p> <p>To successfully deliver on the ambitions of the region's three Local Nature Recovery Strategies (of which the North East MSA is only the Responsible Authority for one – North of Tyne), there needs to be the development of strategic nature partnerships representative of key stakeholders including landowners and managers. Funding allocated directly to Responsible Authorities from Defra in 25/26 will contribute towards the governance costs of setting these up in the region, but there is no further funding allocation to ensure that they remain fit for purpose. It is essential that this is reflected in the Integrated Settlement, and the resources are made available to the region, especially given the huge geography and opportunity for nature recovery in our region – both as a local and national resource.</p> <p>Note: We understand that the indicative funding available is only applicable to the North of Tyne LNRS area only, as this is the only area which the North East MSA is Responsible Authority for (correct as of 31 Oct 2025).</p>
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Outcome indicators	Baseline	Target March 2029	Trajectory		Data source
			March '27	March '28	
1. Leadership of local nature recovery strategy	n/a	On track	On track	On track	MSA reporting

Outcome 7: Supporting evidence	
<p>a. Provide a justification for the indicators proposed, e.g. how and why are they the best measure of progress towards the outcome? Which other indicators were considered (if any) and why were these considered less suitable?</p>	<p>Defra's expectation is that each LNRS responsible authority will ensure:</p> <ul style="list-style-type: none"> • Strong local delivery partnership • Strong governance structures to embed LNRS into local decision making • Development of projects delivering LNRS measures • Effective information sharing <p>For the purposes of reporting to the Programme Board, North East MSA will be considered to be 'on track' against the stated indicator if performance against these functions is in line with local plans and any Defra</p>

	<p>guidance. This judgement will be supported by a narrative report that covers progress against each of the four elements above, including information on the FTE dedicated towards this function.</p> <p>Defra and North East MSA agree that the following bullet points are a sensible and proportionate plan for the implementation of the LNRS over the SR period. This shared understanding of North East MSA's plans will be the basis for understanding performance through I/S reporting.</p>
<p>b. Provide the methodology, assumptions, and supporting evidence used to generate the baselines, targets, and forecast trajectories.</p>	<p>North East MSA plan to deliver this as follows:</p> <ul style="list-style-type: none"> • Strong local delivery partnership: <ul style="list-style-type: none"> ○ Set up a suitable delivery partnership ○ Ensure the partnership have diverse expertise and broad representation across sectors, building on work from LNRS preparation to engage land managers ○ Facilitate regular meetings of the partnership and set up relevant workstreams or sub groups ○ Deliver comms and engagement to promote LNRS • Strong governance structures to embed LNRS into local decision making: <ul style="list-style-type: none"> ○ Embed LNRS priorities into North East MSA's Local Growth Plan ○ Embed LNRS priorities into North East MSA's Corporate Plan ○ Embed LNRS priorities into North East MSA's Transport Plan ○ Embed LNRS priorities into any other relevant plans, policies, or functions of the North East MSA • Development of projects delivering LNRS measures: <ul style="list-style-type: none"> ○ Work with partners to identify potential projects that align with LNRS priorities ○ Support potential projects to become investment (public and private) ready ○ Keep a record of projects being planned for LNRS delivery • Effective information sharing: <ul style="list-style-type: none"> ○ Supporting national reporting by collecting information about actions taken that will not be captured through national level reporting
<p>c. Provide any further detail about the proposed data sources, including any considerations for reporting (e.g. timeliness)</p>	<p>For each report to the Programme Board, MSAs would state whether the indicator is on/off track, based on a narrative report against each of the four elements above. These would be short reports, mindful of the need for proportionality, c.2 pages as a rough guideline.</p> <p>The report will include any readily available figures about habitat creation or restoration related to the MSA carrying out this functional responsibility. However, it is not expected that MSAs will collect new data solely for</p>

	<p>the purposes of reporting against this outcome. The report will also include information about how the role relates to other outcomes and activities within the MSA.</p> <p>Additionally, there is already a very well-established system across the three LNRSs in our region, whereby the Environmental Records Information Centre North East (ERIC NE) are central to coordinating data on nature and environmental baselining. They will continue to play a role when LNRSs shift to delivery, and be part of the cataloguing of data and reporting process. We believe we are in a particularly good place here, but ERIC NE – like all other biological records centres in England – should be recognised as central to the LNRS RA reporting process, and have a funded role as part of IS.</p> <p>The MSA will utilise ERIC NE's resources, and coordinate the network of organisations that helped shape our region's LNRSs with nature recovery bodies. Combining these resources will provide a thorough account of data points relating to nature recovery actions taken or planned in our region using a geospatial model.</p>
d. Provide information on the key risks to achieving the outcome and plans to mitigate.	<p>Important note on key risks: There are three Local Nature Recovery Strategies in the region, of which the North East MSA is only the Responsible Authority for one – North of Tyne. This presents issues around regional governance, coordination, collaboration, and implementation. The Delivery Model for a regional nature partnership is still being actively explored and tested with stakeholders. The I/S funding, and outcomes are understood to only be applicable to the North of Tyne LNRS area, and therefore MSA & LA partnership and split allocation of funding will be required if one regional North East delivery partnership is desired.</p>
e. Further information	<p>Strategic Authorities will play a crucial role in preparing for the future and tackling climate change and nature emergencies at the local and regional level. Local, place-based environmental leadership is an essential part of this. We are beginning this transition by enhancing the roles and functions of the responsible authorities for Local Nature Recovery Strategies.</p> <p>Future opportunities for devolution and partnership working will be explored with Strategic Authorities. These could include issues like water management, the circular economy, pollution, or flood resilience. We will also explore how Strategic Authorities and Mayors can provide greater local leadership in responding to the impacts of climate change, and a better route for rural communities to be considered in local policy decision making.</p>

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Title: The Mayor's Fares
Portfolio: Transport
Responsible Director: Tobyn Hughes, Director of Transport
Report Author: Heather Jones, Head of Transport Customer Experience

Purpose of the report

This report sets out proposals for "The Mayor's Fares" in the financial year 2026/27. Over 120,000 of The Mayor's Fares are purchased each weekday across the region, resulting in 33 million trips this year alone. The proposal to extend The Mayor's Fares, such as the £2.50 single cap, shows the North East Combined Authority's commitment to supporting thousands of people across the region to travel cost effectively during the ongoing cost of living crisis.

The report also proposes that some modifications are made to the scheme to ensure its long-term financial sustainability. These proposals have been developed working in collaboration with partners across the region.

Recommendations:

Cabinet is recommended to:

1. Approve a variation to the Capped Fare Scheme known as "The Mayor's Fares". This variation will:
 - a. Extend the availability of The Mayor's Fares until 31 March 2027 covering the following products:
 - i. an adult single bus fare capped at £2.50, and an adult Day Rover fare for region-wide travel on bus, Metro and the Shields Ferry priced at £7.50;
 - ii. a single bus fare for young people aged 21 and under capped at £1, and a young people's day ticket for region-wide travel on bus, Metro and the Shields Ferry priced at £3;
 - b. Amend the price of the Durham Day Rover ticket to £6, and maintain the price of the Northumberland Day Rover ticket at £6; and
 - c. Discontinue subsidies for the Tyne and Wear Day Rover.
2. Agree that tickets for young people aged 21 and under will only be available to those in possession of a "Pop Blue" smartcard, in a change to be introduced over the course of the next financial year.
3. Note that the cost of "The Mayor's Fares" scheme in 2026/27 is expected to be approximately £32m, to be covered by transport revenue funding from the North East CA's Integrated Settlement. Final amounts will be confirmed in the Budget report to Cabinet in February 2026.

Executive Summary

This report sets out proposals for "The Mayor's Fares" in the financial year 2026/27, including freezes in prices for the adult single cap at £2.50 and region-wide adult Day Rover at £7.50; and single cap for young people aged 21 and under at £1 and region-wide daily travel at £3.

The Mayor's Fares support the Mayor's commitment to creating a transport network that works for all by maintaining good value fares, and help to tackle child poverty.

People taking 33 million bus trips in the region will benefit from The Mayor's Fares in the current financial year, with well over 120,000 tickets being purchased each weekday. The subsidised tickets provide cheaper travel to residents at a time when many other household costs continue to increase – passengers have saved well over £50 million since the subsidised fare range was launched. The fares are also stimulating growth in bus use across the region, and this supports a number of strategic

objectives like reducing traffic congestion and helping to reduce barriers to education, training and employment.

Over the longer term the cost of supporting The Mayor's Fares is increasing. This is because the cost of reimbursement to bus operators increases through time, and also because the great value of the fares has driven increased demand and increased the risk of fraudulent purchase of young people's fares. This report therefore proposes a number of changes to control the costs of the scheme in the longer term, and to ensure that the best possible value for public money is being achieved. These changes include the discontinuation of subsidies for the Tyne and Wear Day Rover ticket, an increase to the cost of the Durham Day Rover ticket (whose price will be the same as the Northumberland Day Rover ticket), and the introduction of a requirement for fares for young people aged 21 and under to be purchased using a "Pop Blue" smartcard. Collectively these changes are expected to maintain the cost of the scheme at £32 million in 2026/27, compared to around £37 million if no changes were made.

External government revenue funding for the Bus Service Improvement Plan (BSIP), which has been supporting the scheme until now, comes to an end in March 2026. It is proposed to fund the scheme using transport revenue funding available to the North East CA in its Integrated Settlement, which replaces in a single funding amount historically separate, ringfenced transport funding. Final amounts will be confirmed in the Budget report to Cabinet in February 2026.

A. Context

1. Outline

- 1.1. With the cost of living continuing to increase, the act of subsidising bus fares in the North East helps to achieve many of the Mayor and Combined Authority's objectives. The region has the highest bus usage per person for any comparable area outside of London, demonstrating how important our bus network is in linking people to jobs, training, education, health and social activities.
- 1.2. Over 65 million journeys have been taken across the region using the Mayor's Fares since they launched, half of them by young people using the 21 and Under product range. As a result bus patronage in the North East grew by roughly 7% last year and young people's travel has increased by 20%. People taking 33 million bus trips in the region will benefit from The Mayor's Fares in this current financial year, with well over 120,000 tickets being purchased each weekday.
- 1.3. Cabinet has recently approved the extension of The Mayor's Fares until the end of March 2026, with Cabinet members strongly articulating their support for these subsidised tickets, with particular emphasis placed on the fares for young people aged 21 and under.
- 1.4. Over the longer term the cost of supporting The Mayor's Fares is increasing. This is because the cost of reimbursement to bus operators increases with inflation, and also because the great value of the fares has driven increased demand and increased the risk of fraudulent purchase of young people's fares. Without intervention it is expected that the cost of the scheme will rise from approximately £32 million in the current financial year to around £37 million in 2026/27.
- 1.5. External government revenue funding for the Bus Service Improvement Plan (BSIP), which has been supporting the scheme until now, comes to an end in March 2026. It is proposed to fund the scheme using transport revenue funding available to the North East CA in its Integrated Settlement, which replaces in a single funding amount historically separate, ringfenced transport funding. Final amounts will be confirmed in the Budget report to Cabinet in February 2026. Revenue funding will also be required to replace BSIP funding used to support Nexus, Durham and Northumberland County Councils in providing tendered bus services across the region, in addition to funding sourced through the transport levies. BSIP tops up tendered services budgets by approximately £16 million per annum, and although Cabinet has already approved funding to cover this cost in 2026/27, from April 2027 it will also require a new source of revenue funding.

- 1.6. The North East CA's Integrated Settlement for 2026/27 (reported elsewhere on this Cabinet agenda) will provide flexibility in some transport funding streams, providing the CA with the option to source revenue funding to support The Mayor's Fares.
- 1.7. The Mayor's Fares are underpinned by a Capped Fare Scheme – a legal mechanism whereby the North East CA requires that bus fares be charged at certain level, with arrangements in place with bus operators to reimburse them for revenue foregone. A 12-week notice period is required to make changes to the Capped Fare Scheme.

2. Proposal

- 2.1. The high uptake of The Mayor's Fares in terms of adult and young people's single tickets, coupled with the strong social and economic benefits they provide (including the Mayor's commitment to tackling child poverty), means that the core of this proposal is to extend the availability of the single ticket caps for adults at £2.50 and for young people aged 21 and under at £1.
- 2.2. It is also proposed to extend the region-wide multi-modal day tickets offering unlimited travel on buses, the Metro and the Shields Ferry for adults priced at £7.50, and for young people aged 21 and under at £3.
- 2.3. It is additionally proposed to maintain the Northumberland Day Rover product at £6.
- 2.4. In order to manage the costs of the scheme in 2026/27 and in future years, the following measures are proposed:
 - a) Discontinue subsidies for the Tyne and Wear Day Rover (currently priced at £6.80). Subsidies for this ticket are paid to the commercial entity Network Ticketing Ltd, (a consortium of transport operators) which will make its own, separate, decision over the future of this product on a commercial basis. The region-wide multi-trip day ticket of £7.50 will continue to be available for people taking multiple trips in a day, and it is possible that transport operators may consider putting in place their own alternative commercial products offering localised discounted travel.
 - b) Retain the Durham Day Rover but increase its price to £6, matching the price of the Northumberland Day Rover. The current pricing of this ticket (£5) means that 44% of sales are from people making a simple return journey, for whom the price will remain the same if two singles are bought instead.
 - c) Introduce a requirement for fares for young people aged 21 and under to be purchased using a "Pop Blue" smartcard. This will take effect at a future date to be determined, but will be during the financial year 2026/27. Significant accompanying work will be carried out to ensure that the change is widely communicated and that the "Pop Blue" smartcard is easily obtained by young people across the region. This will have the effect of reducing the risk of fraud for young people's tickets,
- 2.5. The aggregate effect of the above proposals will be to maintain the forecast cost of the scheme at approximately £32 million for the financial year 2026/27, the same cost as the current financial year.
- 2.6. External government revenue funding for the Bus Service Improvement Plan (BSIP), which has been supporting the scheme until now, comes to an end in March 2026. It is proposed to fund the scheme using transport revenue funding available to the North East CA in its Integrated Settlement, which replaces in a single funding amount historically separate, ringfenced transport funding. Final amounts will be confirmed in the Budget report to Cabinet in February 2026.
- 2.7. The performance and uptake of the revised range of tickets will be closely monitored to ensure that best value for money is being achieved, and the results will be used to inform future proposals to Cabinet for The Mayors Fares beyond March 2027.

- 2.8. The following summarises the range of tickets proposed to form The Mayor's Fares from 1st April 2026:

Ticket Name	Price	Scope
21 and under Single	£1	Single capped at £1 for young people aged 21 and under (available only using a "Pop Blue" smartcard from a date during 2026/27 to be advised)
21 and under regionwide day ticket	£3	Region-wide multi-modal day ticket for young people aged 21 and under offering unlimited travel on buses, the Metro and the Shields Ferry (available only using a "Pop Blue" smartcard from a date during 2026/27 to be advised)
Adult single	£2.50	Adult single capped at £2.50
Regionwide adult day ticket	£7.50	Region-wide multi-modal adult day ticket offering unlimited travel on buses, the Metro and the Shields Ferry
Durham Day Rover	£6	Adult day ticket offering unlimited travel on buses in County Durham
Northumberland Day Rover	£6	Adult day ticket offering unlimited travel on buses in Northumberland

3. Conclusion and next steps

- 3.1. Cabinet is recommended to agree to the proposals set out in this report, to preserve the strong economic and social benefits of The Mayors Fares but with changes to make the cost of the scheme more affordable over the longer term.
- 3.2. If Cabinet agrees to these proposals, the main steps will be:
- a) Finalise and publish the updated Capped Fare Scheme;
 - b) A communications and marketing plan will be devised to advise customers of the revised scheme going live from 1 April 2026;
 - c) Reimbursement arrangements with bus operators will be adjusted to account for the changes;
 - d) Work will take place with delivery partners so that fares for young people aged 21 and under can only be purchased using a "Pop Blue" smartcard, including a major communications campaign aimed at young people and parents.
 - e) The performance and uptake of the revised range of tickets will be closely monitored to ensure that best value for money is being achieved, and the results will be used to inform future proposals to Cabinet for The Mayor's Fares beyond March 2027.

B. Impact on North East Combined Authority Objectives

The Mayor's Fares support the Mayor's commitment to creating a transport network that works for all by maintaining good value fares, and tackling child poverty.

The Mayor's Fares are also stimulating growth in bus use across the region, and this supports a number of strategic objectives including reducing traffic congestion and helping to reduce barriers to education, training and early employment.

C. Key Risks

C.1. Forecast Costs

The costs associated with this proposal have been based on forecast modelling. Passenger numbers and bus ticket product selection may act or perform differently to the modelling assumptions. Also circumstances beyond the control of the North East CA and bus operators

may either positively or negatively impact passenger numbers. This has been mitigated by applying “worst case” assumptions within the modelling to allow reasonable contingency.

C.2. Removal of, or increased price to, some ticket types

This report proposes the withdrawal of subsidy to the Tyne and Wear Day Rover and an increased price of the Durham Day Rover. The region-wide multi-trip day ticket of £7.50 will continue to be available for people taking multiple trips in a day, and it is possible that transport operators may consider putting in place their own alternative commercial products offering localised discounted travel. The price of a return bus trip anywhere in the region will continue to be no more than £5 (the price of two capped adult single tickets).

C.3. New requirement for fares for young people aged 21 and under to be purchased using a “Pop Blue” smartcard.

This will take effect at a future date to be determined, but will be during the financial year 2026/27. Significant accompanying work will be carried out to ensure that the change is widely communicated and that the “Pop Blue” smartcard is easily obtained by young people across the region.

C.4. Operator participation in the scheme.

Bus operator participation in the scheme is voluntary, as it is for the national adult fare cap of £3. Officers from the North East CA and local authority colleagues have worked closely with bus operators across the region to ensure that participation is as widespread as possible.

D. Corporate Implications

D.1. Finance and other resources implications

External government revenue funding for the Bus Service Improvement Plan (BSIP), which has been supporting the scheme until now, comes to an end in March 2026. It is proposed to fund the scheme using transport revenue funding available to the North East CA in its Integrated Settlement, which replaces in a single funding amount historically separate, ringfenced transport funding. Final amounts will be confirmed in the Budget report to Cabinet in February 2026.

D.2. Legal implications

The comments of the Monitoring Officer have been included in this report.

D.3. Equalities implications

While everyone will benefit from increased availability of cheaper, reliable and more attractive bus services we know that this proposal will have a larger beneficial impact on certain groups. This includes older people, women, ethnic minority groups and disabled people, all of whom have higher rates of bus use than the national average. BSIP initiatives, such as cheaper fares with more reliable and frequent services will give greater freedom to many people to access jobs, education, healthcare and social support.

D.4. Consultation and engagement

This proposal has been developed following discussion and communication with Local Authority Representatives, bus operators, and informal discussions with the Mayor and Cabinet.

E. Appendices

None

F. Background papers

None

G. Glossary

BSIP – Bus Service Improvement Plan

DfT – Department for Transport

Contact officer(s)

Philip Meikle, Assistant Director of Transport Network Transformation, North East Combined Authority

Philip.Meikle@northeast-ca.gov.uk

Heather Jones, Head of Transport Customer Experience, North East Combined Authority

Heather.Jones@northeast-ca.gov.uk

Title: North East Rural Growth Programme
Portfolio: A North East we are proud to call home
Responsible Director: Phil Witcherley, Director of Economic Growth and Regeneration
Report Author: Karen Daglish, Programme Manager (Environment, Coast, Rural)

Purpose of the report

The Mayor and Cabinet are committed to investing in our rural and coastal areas. Our Local Growth Plan is also clear that we need to support the foundational economy in the region. This report seeks Cabinet's approval of investment in a rural growth programme to deliver a tailored business advice service for rural businesses (many of which are in the foundational economy), and to support and promote regional food production and agritech adoption.

The establishment of the North East Combined Authority enables us to provide a regionally consistent and integrated approach building on best practice to date from individual Local Authorities and other practitioners from across the region.

Recommendations:

Cabinet is recommended to:

1. Approve £8,500,000 from the Investment Fund to deliver the North East Rural Growth Programme, as allocated by Cabinet in November 2024 in the Environmental Stewardship, Coast, and Rural Growth Investment Plan and endorsed by the Finance and Investment Board on 10 November 2025.
2. Enter into a Grant Funding Agreement for the full value of the programme with Northumberland County Council as Lead Delivery Partner.

Executive Summary

This report seeks Cabinet's approval to invest £8,500,000 in the three-year North East Rural Growth Programme.

The North East Combined Authority has one of the largest rural and coastal footprints of any Combined Authority area in the country. Rural and coastal areas make an important contribution to the North East economy, together accounting for 31% of the size of the North East's overall economic output. Rural and coastal areas face specific challenges related to their geography. This includes social mobility, access to transport, access to employment and access to housing. There are, however, distinctive opportunities around business creation and diversification, enterprise, food production, and agritech adoption.

The North East Rural Growth Programme helps deliver our Local Growth Plan and by ensuring sustainable rural communities, supporting the visitor economy and the wider foundational economy in the region. It also meets the Mayor's Manifesto commitment of recognising the importance of our farming economy and the need for food security.

A. Context

1. Background

- 1.1. On 26 November 2024 Cabinet approved the Environmental Stewardship, Coast, and Rural Growth Investment Plan and approved a £15.75m indicative budget allocation for delivery of the related programme. The North East Rural Growth Programme delivers against priorities, including a sustainable rural business growth programme.

- 1.2. Rural businesses are important to the North East's economy and targeted rural development support over the last two decades has been vital in helping businesses adapt, innovate, and thrive.
- 1.3. Durham County Council and Northumberland County Council are currently piloting and delivering a range of key rural interventions to boost rural economic growth across the North East Combined Authority area. Rural areas of Gateshead are not currently covered by similar schemes.
- 1.4. Building on lessons learned and recent evaluations undertaken by the Local Authorities, the North East Rural Growth Programme will deliver a next phase of activity to further stimulate rural growth, with a new programme of planned events to commence in Spring 2026 to Spring 2029.
- 1.5. Before the creation of the North East Combined Authority, rural growth was delivered by individual local authorities and the offer varied across the region. This fragmentation (or "postcode lottery") is something we are keen to avoid in future delivery. Therefore, the North East Rural Growth Programme will provide consistent and integrated rural business growth infrastructure across the rural areas of the North East. This includes County Durham, Gateshead, and Northumberland; 91.3% of this geography is classed as rural and is home to 36.7% of the region's people and 40.5% of businesses.
- 1.6. Additionally, it will provide region-wide sector specific support for land-based industries (farming and forestry) and the food and drink sector, recognising the importance of these businesses across all geographies.

2. Activities

- 2.1. Key activities to be delivered include:
 - A single gateway providing diagnostics, brokerage, and animation support for rural businesses
 - A technical specialist advice service to help rural businesses access skills and guidance
 - Enterprise animation and start-up support
 - 'Small Solutions Grant Support' for rural residents looking to establish a new enterprise
 - A Farm Advisory Service and Agritech Adoption Pilot
 - An 'Agritech Investment Fund' for land-based industries to support adoption of new technology.
 - Coordination across the forestry and timber industries and support to develop viable enterprises.
 - A tailored food and drink sector support service and regional campaign to strengthen the regional food economy and deliver lasting benefits for rural communities
- 2.2. The activities will be delivered through Northumberland County Council as lead delivery partner, with Durham County Council, Gateshead Council, Northumberland National Park Authority, Food and Drink North East Limited, and North East Enterprise Agency as supporting delivery partners.

3. Impacts

- 3.1. The planned outputs are 900 unique enterprises supported, of which 304 will be provided with financial support in the form of a grant, and 465 potential entrepreneurs will be supported to be enterprise ready. There will be 336 business involved in knowledge exchange interactions, and 350 jobs created because of the support. 20 enterprises will be supported to introduce new to the firm products.
- 3.2. The intended impacts are:
 - £23.1m increase in economic output
 - Increased business confidence in the rural economy
 - The creation and development of an enterprising culture
 - Stimulating private sector investment to further improve resilience and drive growth

- More adaptable and sustainable business base
- Growth in priority rural sectors (food, farming, forestry) identified in the Mayor's Manifesto and Local Growth Plan

4. Allocation of Investment Fund

4.1 The total allocation for this activity is £8,500,000, with three distinct areas of delivery:

- Rural Business Growth Infrastructure & Support - £4,610,846
- Land Based Industries including farming and forestry - £1,890,000
- Food and Drink Sector- £1,999,154

5. Conclusion and next steps

- 5.1 Implementation of the North East Rural Growth Programme will contribute towards sustainable rural growth and transformation in key sectors, provide economic opportunities for rural residents, and support local food security and wood supply.
- 5.2 Subject to approval from Cabinet, a Grant Funding Agreement will be put in place with the Lead Delivery Partner (Northumberland County Council) and funding invested from April 2026 to March 2029.

B. Impact on North East Combined Authority Objectives

This investment delivers on the Mayor's manifesto commitment to substantially increase the amount of forest cover in the region while recognising the importance of our farming economy and the need for food security. The North East Rural Growth Programme directly addresses this aim for farming and food, whilst also promoting a sustainable forestry supply chain that supports more woodlands into productive management.

Supporting business growth, with targeted support for rural and coastal communities, is a key part of Mission 1 (Home to a growing and vibrant economy for all) in the Local Growth Plan. Agriculture is recognised as a key sector for the North East's foundational economy - Mission 4 (Home of real opportunity) and investing in rural areas is prioritised within Mission 5 (A North East we are proud to call home).

We're delivering the following specific priorities of our **Mission to create a North East we are proud to call home**:

- "tailored rural business advice service to help businesses overcome additional barriers to growth"
- "supporting and promoting regional food production and agritech adoption"

C. Key Risks

A summary of key risks relating to the investment proposal is included below. These are further elaborated on the risk register as part of the business case:

Financial risks:

- Funding decision is delayed, with staffing implications and a period of no delivery to end users
- Grant resources not full committed leading to reputational risk

Management risks:

- Failure to recruit staff leading to programme delay

Operational risks:

- Insufficient demand from businesses, leading to programme underperformance
- Poor performance of delivery partners and procured suppliers leading to underperformance

D. Corporate Implications

D.1. Finance and other resources implications

Funding for all elements of this report will be met by the North East Combined Authority Investment Fund. The anticipated spend profile is provided in the table below:

Funding source	2026/27	2027/28	2028/29	Total
<i>North East Combined Authority Investment Fund (£)</i>	£2,781,568	£2,842,587	£2,875,845	£8,500,000
Total (£)	£2,781,568	£2,842,587	£2,875,845	£8,500,000

There is no match funding requirement.

D.2. Legal implications

The Monitoring Officer has been consulted and has no comments to add.

D.3. Equalities implications

The North East Combined Authority is committed to complying with the Equality Act 2010 and the Public Sector Equality Duty and to fulfilling its statutory duties towards its employees and residents with regards to equality and inclusion, including when developing schemes. A programme level Equalities Impact Assessment has been undertaken and is being used to inform the delivery of the programme. It will be a condition of the Grant Funding Agreement with lead Delivery Partner Northumberland County Council that each delivery partner will provide a more specific and tailored Equality Impact Assessment at sub-programme level.

D.4. Consultation and engagement

Consultation during the business case process has taken place with each of the named Delivery Partners and the Economic Directors of Northumberland, Gateshead, and Durham local authorities.

E. Appendices

None

F. Background papers

[Cabinet Agenda Pack - 26 November 2024](#)

Contact officer(s)

Name: Ross Lowrie

Title: Head of Clean Energy and Environment

Email address: ross.lowrie@northeast-ca.gov.uk

Name: Karen Daglish

Title: Programme Manager: Environment, Coast and Rural

Email address: karen.daglish@northeast-ca.gov.uk

Title: North East Local Remediation Acceleration Plan
Portfolio: A North East We Are Proud to Call Home
Responsible Director: Phil Witcherley, Director of Economic Growth and Regeneration
Report Author: Heather Orton, Head of Housing and Regeneration

Purpose of the report

The Mayor, Combined Authority and Local Authority partners are committed to good quality, safe housing and a North East that we are proud to call home. This report seeks Cabinet's approval for the North East Local Remediation Acceleration Plan, to support national plans to accelerate residential cladding remediation (external walls) of high-rise and mid-rise buildings in government-funded cladding remediation programmes. This approach has been developed with Local Authorities and Fire and Rescue Authorities.

Recommendations:

Cabinet is recommended to:

1. Approve the North East Local Remediation Acceleration Plan.
2. Approve the approach to convening partners in all seven Local Authorities and three Fire and Rescue Authorities to work together and progress the pace of cladding remediation in residential government funded programme in the North East.
3. Authorise the Director of Finance and Investment to accept resource for 2026-2029 from the Ministry for Housing Communities and Local Government (MHCLG) to enable the delivery of the North East Local Remediation Acceleration Plan.
4. Delegate Authority to the Chief Executive, in consultation with the Mayor and Portfolio Lead, to manage any significant updates to the Plan and oversee delivery, including the procurement and award of any contracts which may be required. Where applicable, investment decisions will be subject to the Single Assurance Framework processes.

Executive Summary

This report seeks Cabinet's approval for the North East Local Remediation Acceleration Plan (attached in appendix 1) to meet Government's expectation that all Mayoral Strategic Authorities have agreed plans by the end of 2025.

As part of the Government's national plans to accelerate external walls cladding remediation following the Grenfell tragedy, Combined Authorities are expected to have a Local Remediation Acceleration Plan. These set out the use of convening strengths and an approach for considering in scope high-rise (over 18 metres) and mid-rise (over 11 metres) residential buildings in an area in government funded cladding remediation programmes.

The aim is to support the pace of delivery. This is a complex sector, with a lack of technical expertise and capacity pressures on a national and local scale. The delivery of the plan and government-funded programmes cannot be done in isolation or by one organisation. It is reliant on targeted resource from government, support across the whole system and compliance from responsible building owners/accountable persons (i.e. the persons who are responsible for the repair of the building). The Combined Authority and Gateshead, Newcastle and Sunderland Local Authorities have some funding from Government in place until March 2026. This will support

targeted work to help understand the challenges and develop a plan for next steps on remediation. We are speaking to Government about how further funding will be delivered through our integrated settlement and we will update Cabinet on progress.

A. Context

1. Background

- 1.1 It is recognised that the speed of building cladding remediation needs to be accelerated. This is crucial for affected residents who face higher bills and uncertainty whilst they wait for action.
- 1.2 Since the Grenfell tragedy in 2017, all enforcing authorities (including the Building Safety Regulator, Fire and Rescue Authorities and Local Authorities) have worked to ensure that buildings comply within the relevant legislation. However, the sector is complex and continually evolving, with the Fire Safety Act 2021 only having become law in May 2022.
- 1.3 On 2 December 2024, government published its plan for increasing the pace of remediation for buildings in England with unsafe cladding. The national [Remediation Acceleration Plan](#) sets out the approach to tackling barriers to making buildings safe at pace. This was further updated on [17 July 2025](#). The Plan includes measures for three core objectives:
 - fix buildings faster
 - identify buildings at risk more quickly
 - support residents and leaseholders.
- 1.4 The approach has included further guidance for regulators and a joint plan to accelerate developer-led remediation and improve resident experience. The national Plan set targets for making buildings safe and proposes tougher penalties for refusing to act:

High Rise Buildings

- It is expected remediation work will have started in high-rise private sector residential buildings with unsafe cladding in government funded schemes by the end of 2025 at the latest.
- Developers involved in developer led remediation to achieve their stretch target to start or complete remedial works on 80% of the buildings for which they are responsible by July 2026, and on 100% of those buildings by July 2027.
- By the end of 2029 all 18m+ (high-rise) buildings with unsafe cladding in a government funded scheme will have been remediated.

Medium Rise Buildings

- By the end of 2029, every 11m+ building with unsafe building cladding will either have been remediated, have a date for completion or the landlords will be liable for severe penalties.

- 1.5 The Building Safety Act 2022 sets out the legal obligations for building owners, developers and designers to ensure safety of all buildings with particular focus on high rise including managing safety risks and competence during design and construction. The National Remediation Acceleration Plan is due to be backed by investment in enforcement to ensure local authorities, fire and rescue services and the Building Safety Regulator have the capacity to tackle hundreds of cases per year. The [Remediation Enforcement Guidance](#) sets out the guiding principles for regulators and good practice for agreeing a lead regulator. New legal obligations on landlords are anticipated to remediate unsafe cladding, with severe penalties – including criminal and civil sanctions for inaction.
- 1.6 In addition to the National Remediation Plan, there is an expectation that all Mayoral Strategic Authorities work in partnership with local authorities and regulators to put in place Local Remediation Acceleration Plans. In their December 2024 announcement mentioned above, Government stated that they will:

‘empower metro mayors to work in partnership with local authorities and regulators to drive remediation in local areas through Local Remediation Acceleration Plans – bringing together expertise, local knowledge and resources to create single area strategies’.

1.7 In their subsequent statement in July 2025 Government confirmed that:

‘in the [national] Remediation Action Plan, we announced our intention to empower metro mayors to work in partnership with local authorities and regulators to drive remediation through Local Remediation Acceleration Plans; which seek to bring together expertise, local knowledge and resources to create single area strategies. Following these commitments, 8 Mayoral Strategic Authorities (MSAs) have published their plans and all others have shared their pathway to publication.’

1.8 Homes England are currently working with Government to undertake a data cleansing process to assess and determine the scale of at risk mid-rise buildings (over 11 metres). A National Remediation System has been established and will become the single source of reference for all mid-rise buildings. The development of this system and building data review is ongoing.

1.9 Further powers and resources to regulators are also expected to ensure ‘bad actors’ are held to account. The government has indicated it will look to legislate through the forthcoming Remediation Bill – this could strengthen regulators’ enforcement powers’ standardising remediation assessments; include the creation of a medium-rise building register; and an increase in regulators’ powers to identify building owners, among other commitments.

1.10 Ultimately it is the Accountable Person of a building (the party who owns or has responsibility for the repair of a building) who is responsible for ensuring a building’s safety, including ensuring the building has an appropriate assessment made of the fire safety risks. This is a legal obligation for higher risk buildings, as set out in the Building Safety Act. The Building Safety Regulator, Fire and Rescue Authorities and Local Authorities have obligations in respect of the enforcement of these duties.

2. North East Local Remediation Acceleration Plan

2.1 The North East Local Remediation Acceleration Plan (NE LRAP) has been drafted in partnership and concentrates on the remediation of unsafe external cladding systems in residential high-rise and mid-rise buildings only (attached in appendix 1). Partners have established a joint working steering group to identify priorities, understand the challenges and monitor progress. This includes the three Fire and Rescue Services, seven Local Authorities and the Combined Authority.

2.2 The Plan sets out:

- Context and government-funded cladding remediation programmes
- Stakeholder roles and responsibilities
- The North East Approach and Delivery:
 - How remediation of high rise and medium rise residential buildings within the North East Combined Authority area with unsafe cladding can be delivered and accelerated.
 - What additional capacity and resources are required to accelerate remediation pathways for in scope high rise and medium rise buildings
 - Governance and establishing joint working agreements and a system to monitor and report on progress to Government

2.3 The Plan will be a ‘live’ document and through its monitoring with MHCLG progress will be reported on a regular basis. Through the establishment of a multi agency building led and responsive team, additional resource will be secured to assemble the right expertise and agencies to inspect and audit buildings. Additional programme management and technical capacity will be secured to deliver the NE LRAP and meet expectations set out in the plan.

3 Conclusion and next steps

- 3.1 Implementation of the North East LRAP will help meet the national remediation plan targets for delivering government funded remediation programmes.
- 3.2 MHCLG resources have been provided to the North East Combined Authority and three Local Authorities (Newcastle, Gateshead and Sunderland) in 2025/26 to develop the North East LRAP, support the acceleration of programme management and building assessments. However, further resources and capacity beyond March 2026 are required. It is expected that further resources will be devolved to the region and Local Authorities to enable the approach set out within the North East LRAP to be delivered. The need for resource will continue to be highlighted with government. As the development and delivery of the Plan progress it will be updated so it remains a live document that is regularly monitored. Regular updates will be provided to Cabinet.

B. Impact on North East Combined Authority Objectives

This Plan supports the mission to deliver a North East We Are Proud to Call Home and the provision of high quality housing. By working in partnership, the Combined Authority will use its convening powers to strengthen collaboration between the three fire and rescue services, seven local authorities and regulatory bodies who are responsible for enforcement and already working hard to ensure building safety across the region. The challenge is complex and, whilst the Combined Authority has no formal statutory powers or responsibilities in the enforcement of building safety, it is supportive of partners addressing challenges to accelerate remediation of unsafe cladding and the use of their enforcement powers, as required, to hold accountable persons responsible.

C. Key Risks

A summary of key risks relating to the North East LRAP are set out below:

- Additional resources from Government not committed to enable Plan delivery leading to reputational risk
- Failure to recruit staff and technical expertise leading to programme under performance and delays in building audits
- Delays in National Remediation System mid-rise building audit lead to delays in building assessment and buildings identified as in scope
- Additional building defects (internally) may slow progress with cladding remediation as Local Authorities have a duty to act
- Lack of engagement from Accountable Persons

D. Corporate Implications

D.1. Finance and other resources implications

MHCLG have provided grant to support the development of the Plan, programme management and team capacity. Funding for subsequent years is still to be confirmed.

Funding source	2026/27	2027/28	2028/29	Total
MHCLG grant (LRAP development)	£250,000	TBC	TBC	£250,000
Total (£)	£250,000	TBC	TBC	£250,000

D.2. Legal implications

The Monitoring Officer's comments have been included in this report.

- D.3. **Equalities implications**
The North East Combined Authority is committed to complying with the Equality Act 2010 and the Public Sector Equality Duty and to fulfilling its statutory duties towards its employees and residents with regards to equality and inclusion, including when developing schemes.

Lead regulators will comply with equality implications as part of scheme and government funding requirements.

- D.4. **Consultation and engagement**
Consultation with partners has taken place as part of plan development.

- E. **Appendices**
North East Local Remediation Acceleration Plan

- F. **Background papers**
<https://www.gov.uk/government/publications/accelerating-remediation-a-plan-for-increasing-the-pace-of-remediation-of-buildings-with-unsafe-cladding-in-england/remediation-acceleration-plan>
<https://www.gov.uk/government/publications/remediation-acceleration-plan-update-july-2025/remediation-acceleration-plan-update-july-2025>
<https://www.gov.uk/guidance/remediation-enforcement-guidance-for-regulators>

- G. **Glossary**
- | | |
|-------|---|
| BSR | Building Safety Regulator |
| CA | Combined Authority |
| LRAP | Local Remediation Acceleration Plan |
| MHCLG | Ministry for Housing Communities and Local Government |

Contact officer(s)
Heather Orton, Head of Housing and Regeneration
heather.orton@northeast-ca.gov.uk

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North East Local Remediation Acceleration Plan (LRAP)



Add all LA and FRS logos

November 2025

This is a draft plan that remains subject to consideration by and approval of the North East Combined Authority Cabinet

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Forward

Everyone should feel safe in the place they call home.

While the Government has renewed its commitment to tackling this crisis is welcomed we need to see results across the system. Through partnership working the North East Local Remediation Plan sets out our local effort to accelerate delivery of government funded cladding schemes.

The core focus is to have clear working arrangements and protocols between our three fire and rescue services, seven local authorities and regulatory bodies, who are already working hard to ensure building safety across the region. Through our multi agency approach buildings with external wall faults are identified, issues considered and delays unblocked to ensure residents get the action and support they need.

The scale of the challenge is complex and work continues to identify those buildings.

Partners with enforcement powers will use them as required to hold Accountable Persons responsible.

The plan is a step forward however this cannot be done in isolation and relies on continued collaboration, resources and support from Government and the Building Safety Regulator.

Mayor

Portfolio Lead

Chief Fire Officers

Introduction

Aim

The aim of the North East Local Remediation Acceleration Plan is to articulate how the pace of external wall cladding remediation of residential high rise buildings (over 18 metres/7 storeys or above) in government funded schemes can be increased and identify what is needed from government to support this work.

Once known, this plan will consider in more detail how mid rise buildings (over 11 meters/4 storeys or above) could be brought into scope. The Plan recognises the multi-agency approach required to take forward further activities.

Scope and Objectives

Central Government, Local Authorities, Fire and Rescue Services and partners are working collaboratively to develop and implement a joint approach that can help expedite the delivery of residential high rise and mid rise building remediation.

Our regional approach to accelerate the remediation of in-scope residential high rise and mid rise buildings requires action across the various stages of remediation including identification, inspection and enforcement. It cannot be done in isolation and cannot be done by one organisation.

Whilst the North East Combined Authority will use its convening strengths, it holds no formal statutory powers or responsibilities in the building safety space. Nevertheless, the Combined Authority is supportive of partners to address the challenges with accelerating the remediation of unsafe cladding.

Under the Building Safety Act 2022, building owners and Accountable Persons are responsible and have the legal obligation, for making buildings safe, including ensuring the building has an appropriate assessment made of the fire safety risks. An Accountable Person could include but is not restricted to, the freeholder (including freehold purchased by the majority of leaseholders through collective enfranchisement) a head lessor, a right to manage company, a resident management company, a named manager and a commonhold association.

Expectations need to be managed within this complex sector, the pace of delivery is not simply down to more financial resource, further consideration within the supply chain, contractors and wider issues effecting building compliance and risk need to be considered. The safety of residents in medium and high rise buildings is of paramount importance and remains a priority for all stakeholders. However, cladding is only part of the picture and ensuring buildings are safe is a far-reaching agenda.

This Plan is concentrated on the remediation of unsafe external cladding systems only. Regional partners will work with government to further understand and consider how remediation and fire safety compliance can be accelerated within existing parameters.

The North East Local Remediation Acceleration Plan considers:

- How remediation of high rise and medium rise residential buildings within the North East Combined Authority area with unsafe cladding can be accelerated.

- What additional capacity and resources are required to accelerate remediation pathways for in scope high rise and medium rise buildings
- Joint working agreements and a system to monitor and report on progress to Government

DRAFT

Context

It is recognised that the speed of building cladding remediation needs to be accelerated, with residents it affects facing higher bills and uncertainty whilst they wait for action.

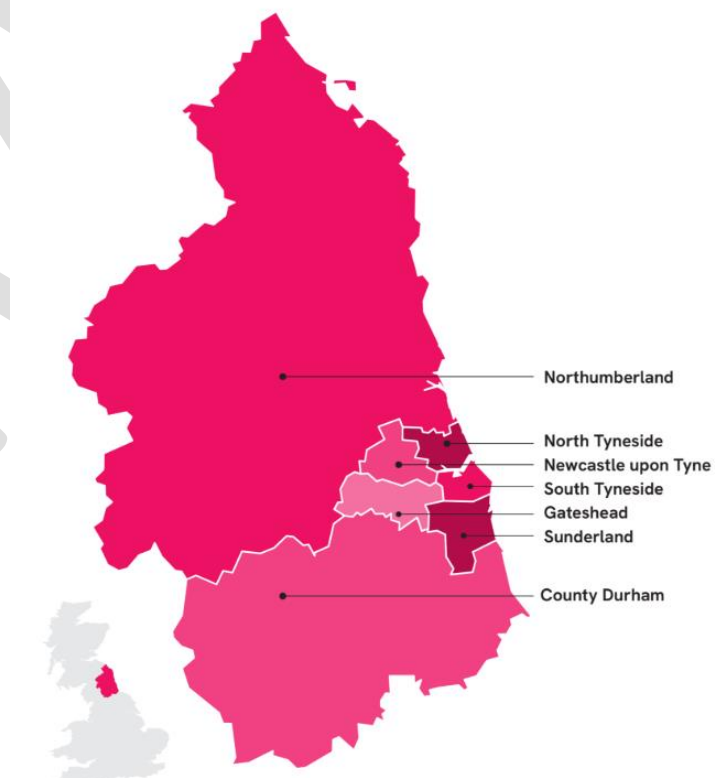
The Grenfell Tower fire on 14 June 2017 claimed the lives of 72 people. Government acknowledges that this was a national failure and has outlined significant reforms in building safety, tenants' rights and the construction industry to prevent such a tragedy being repeated. Since the Grenfell tragedy, all enforcing authorities have worked to ensure that buildings comply within the relevant legislation. However, the sector is complex and continually evolving, with the Fire Safety Act 2021 only having become law in May 2022.

The Building Safety Regulator Framework in England sets what is expected of the Building Safety Regulator (BSR). This includes the safety standards for design, construction and occupation of higher risk buildings which typically includes high rise residential buildings. The BSR works with a range of key partners to create multi-disciplinary teams whose purpose is to ensure the safety and compliance of high-rise buildings.

There is established regional collaboration with the BSR and all three Fire and Rescue Services areas within the North East (Northumberland, County Durham and Darlington and Tyne and Wear).

The North East Combined Authority Area comprises seven Local Authorities: Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. Mayor Kim McGuinness was elected in May 2024 as the first Mayor for the North East. The Authority is jointly run with the Leaders from each Local Authority.

Mayoral Combined Authorities have been requested to support the pace of remediation by leveraging convening powers, building on relationships and local knowledge to accelerate the pace of unsafe cladding remediation on high rise and medium rise buildings.



The North East Combined Authority Area

Following the Grenfell tragedy, Tyne and Wear Fire Rescue Service (TWFRS) initiated a comprehensive review and audit of all high-rise residential buildings within

their jurisdiction. There are currently 204 high rise buildings (over 18 metres) in the region, with the majority located in Newcastle, Gateshead and Sunderland. While some of these buildings are owned by local authorities and social landlords, a significant number are privately owned. The ownership landscape is complex, involving landowners, freeholders, landlords, tenants, managing agents, Right to Manage companies and developers, all of whom have a role to play in remediation efforts. 24 of these buildings are in scope, eligible and being considered for government funded programmes for external wall remediation.

Tyne and Wear Fire Rescue Service has collaborated closely with each local authority in its jurisdiction over the past seven years. Most of this joint work has been focused on Sunderland, Gateshead and Newcastle, as the cities with the significant portion of high rise buildings over 18 metres. Monthly meetings have been held to address problematic premises, explore routes to compliance, and conduct joint visits. This collaborative approach has proven beneficial, particularly highlighted by the necessity to decant a key building in Newcastle City Centre in June 2023, a situation that has been tested on several occasions since. In addition to meetings with local authorities, TWFRS holds regular discussions with the Ministry of Housing, Communities & Local Government (MHCLG) about remediation plans in the area and any problematic buildings. This approach has been built upon to inform our regional approach and joint working practices with Fire and Rescue Authorities and Local Authorities with significantly less high rise and mid rise buildings (mid rise buildings have not been in scope for government funded remediation programmes until 2024).

National Remediation Plan

On 2 December 2024, government published its plan for increasing the pace of remediation for buildings in England with unsafe cladding. The national Remediation Acceleration Plan sets out the approach to tackling barriers to making buildings safe at pace. This was further updated on [17 July 2025](#). The Plan includes measures for three core objectives:

- fix buildings faster
- identify buildings at risk more quickly
- support residents and leaseholders.

The approach has included further guidance for regulators and a joint plan to accelerate developer-led remediation and improve resident experience.

The Plan set targets for making buildings safe and proposes tougher penalties for refusing to act:

High Rise Buildings

- It is expected remediation work will have started in high-rise private sector residential buildings with the most unsafe cladding (Aluminium composite Material [ACM]) by the end of March 2025.

- It is expected remediation work will have started in high-rise private sector residential buildings with unsafe cladding in government funded schemes by the end of 2025 at the latest.
- Developers involved in developer led remediation to achieve their stretch target to start or complete remedial works on 80% of the buildings for which they are responsible by July 2026, and on 100% of those buildings by July 2027.
- By the end of 2029 all 18 metres and above (high-rise) buildings with unsafe cladding in a government funded scheme will have been remediated.

Medium Rise Buildings

- By the end of 2029, every 11 metres and above buildings with unsafe cladding will either have been remediated, have a date for completion or the landlords will be liable for severe penalties.

There is a legal obligation for higher risk buildings set out in the Building Safety Act 2022 for buildings over 18 metres and 11 metres. The National Remediation Acceleration Plan is due to be backed by investment in enforcement to ensure local authorities, fire and rescue services and the Building Safety Regulator have the capacity to tackle hundreds of cases per year. The [Remediation Enforcement Guidance](#) sets out the guiding principles for regulators and good practice for agreeing a lead regulator. New legal obligations on landlords are anticipated to remediate unsafe cladding, with severe penalties – including criminal and civil sanctions for inaction.

Further powers and resources to regulators are also expected to ensure ‘bad actors’ are held to account. The government has indicated it will legislate – through the forthcoming Remediation Bill – to strengthen regulators’ enforcement powers’ standardising remediation assessments; the creation of a medium-rise building register; and increasing regulators’ powers to identify building owners, among other commitments.

It is intended that Metro Mayors work in partnership with local authorities and regulators to drive remediation in local areas through Local Remediation Acceleration Plans, bringing together expertise, local knowledge and resources to create single area strategies.

It is the Accountable Person of a building (the party who owns or has responsibility for a building) who is responsible for ensuring a building’s safety, including ensuring the building has an appropriate assessment made of the fire safety risks. This is a legal obligation for higher risk buildings, as set out in the Building Safety Act.

The Government’s Remediation Acceleration Plan recognises a number of significant barriers to accelerating the pace of delivery including landlord reluctance, constrained regulatory capacity, capability and resources, developer inconsistency and third-party disputes, lack of supply chain skilled professional and varied resident experiences.

The Government has made £5.1 billion funding for replacing unsafe cladding systems available to ensure there is no obstacle to making residential buildings safe. In the private sector, the person responsible for a building’s safety can apply for

funding through one of the government's schemes. Alternatively, some developers are part of the government's Responsible Actors Scheme, making them legally responsible for identifying and remediating those buildings they originally developed which are found to have relevant defects. In the social housing sector, the landlord may also be the provider of social housing and they may be eligible for support from government funded schemes. The government has now set out its approach and funding eligibility to accelerate remediation of [social housing](#).

Homes England are currently working with Government to undertake a data cleansing process to assess and determine the scale of at risk mid rise buildings (over 11 metres). A National Remediation System has been established and will become the single source of reference for all mid rise buildings (over 11 metres). The development of this system and building data review is ongoing. This is assessing over 175,000 building records and over 540,000 in total, with the aim to create a comprehensive building register. Local Authorities and Fire Authorities are working with Homes England to support this process. Homes England have established a [Tell-Us Tool](#) if people are concerned about the life-safety fire risks on the external walls of a building. Where a building is suspected to have unsafe cladding, Homes England is actively supporting applications to the Cladding Safety Scheme to undertake fire risk appraisal of external walls. It should be noted that although the external wall of property may be remediated, there may be other building safety defects internally to a building which if the Local Authority identifies as part of work on a high rise and is deemed a category 1 hazard, that the Local Authority has a duty to act. This may slow down remediation progress however a building needs to be considered holistically.

Government has provided funding to the North East Combined Authority and three Local Authorities (Newcastle, Gateshead and Sunderland) in 2025/26 to develop the North East LRAP, to support enforcement and the acceleration of programme management. This is required to provide much needed capacity, and resources beyond 2026 will be considered as part the Budget. The actions included as part of this plan will require continued resources.

Stakeholder Roles and Responsibilities

A range of partners and stakeholders will support the delivery of the Plan. The core roles and responsibilities are set out below:

Table 1: Stakeholder Responsibilities and Duties		
Stakeholder	Responsibilities	Legal Duties
Building Owners or Accountable Person	Responsible for the safety of their own buildings and remediating unsafe cladding. The MHCLG has made funding available to support remediation, but some freeholders pay their own remediation without government support. Building owners are invited to engage with the cladding remediation process willingly. However, enforcement action is available to local regulators for non-compliance	To have a written suitable and sufficient assessment fire safety risk common parts of a shared building including

		external walls and doors into individual dwellings – Regulatory reform order as amended by the fire safety act
Building Safety Regulator (BSR) is part of the Health and Safety Executive	Independent body established to regulate higher-risk buildings that are 7 storeys or are at least 18 metres high and have at least 2 residential units. The BSR are the sole authority for building control for higher risk buildings. With power to oversee and enforce new regulations. The BSR raise safety standards of all buildings and help professionals in design, construction, and building control, to improve their competence. The BSR sets out rules to protect the design and construction of higher risk buildings. They have a responsibility to consult with residents through the resident's panel.	Building Safety Act 2022
Fire and Rescue Authorities (Northumberland, County Durham and Darlington, and Tyne and Wear)	Enforcing authority for fire safety compliance. Carry out fire safety audits of specified high-rise buildings and put in place appropriate enforcement actions to ensure compliance with fire safety requirements, considering options available through use of the Building Safety Act in addition to or to compliment work under the Regulatory Reform Order or Fire Safety Act. Monitor in scope buildings and have in place compliance dates.	Regulatory Reform (Fire Safety) Order 2005 Fire Safety Act 2021 Building Safety Act 2022 Fire Safety (England) Regulations 2022
Ministry for Housing, Communities and Local Government	To work across government to ensure resources, statutory and regulatory powers are available to fully realise support that is required to deliver local remediation acceleration plans. Monitor regional plans and consider the best use of government funded grant schemes.	
North East Combined Authority	To use convening powers to develop a remediation acceleration plan that includes all relevant partners. Communication with residents will continue to be led by Local Authorities, Fire Services and those with fire safety responsibilities and powers.	Building safety is not a function or responsibility within the North East CA nor do they

		envisage that responsibility transferring to the North East CA in the future
Local Authorities	To exercise its functions under the Housing Act 2004. Consult with the fire service as to the most appropriate courses of actions having completed a Housing Health and Safety Rating System (HHSRS) assessment of buildings within scope, by physical inspection and obtaining and assessing relevant documentary evidence. Following HHSRS assessment and where appropriate put in place any necessary enforcement actions to ensure compliance with fire safety requirements, considering options available through use of the Building Safety Act in addition to or to compliment work under the Housing Act. Monitor in scope buildings and have in place compliance dates.	Building Safety Act 2022 Housing Act 2004 Building Act 1984
Regulator of Social Housing (RSH)	The RSH regulates registered providers of social housing. RSH takes appropriate action if the outcomes of the standards are not being delivered. Following an expansion of powers, from 1 April 2024, they have begun carrying out regulatory inspections of social landlords.	Social Housing (Regulation) Act 2023.
Joint Inspection Team (JIT)	The national fire safety JIT is hosted by the Local Government Association, and funded by MHCLG. They are a multidisciplinary team with fire engineers, building control surveyors and environmental health officers and supported by intelligence officers and external legal advisors. The JIT provides specialist fire safety advice and assesses the fire hazards and advises local authorities acting as expert witnesses if matters progress to tribunal or court.	Housing Act 2004 – under the invitation from the Local Authority
Homes England	Homes England deliver the Cladding Safety Scheme on behalf of MHCLG, which provides funding to remediate buildings that are above 11m in height across the UK (excluding London) and buildings between 11-18m in London. They are responsible for reaching out to building owners to invite them into the scheme; managing the distribution of funds to buildings who have applied to the CSS; and monitoring and enforcing against buildings that have applied to the funds. Homes	

	England manage the National Remediation System.	
Health and Safety Executive	The HSE is the body within which the Building Safety Regulator operates. They are also the regulator for the Health and Safety at Work regime, which monitors safety on construction sites.	Health and Safety At Work Act etc. 1974
Industry including construction contractors, cladding firms, surveyors, fire safety engineers, fire risk assessors and product manufacturers	Accelerating the pace of cladding remediation depends on the supply chain in the industry to ensure there is sufficient capacity to assess and remediate buildings to the required quality.	

Cladding Remediation

Government Funded Remediation programmes

It is the landlord (the party with repairing obligation in relation to a building) who is responsible for ensuring a building's safety, including that the building has an appropriate assessment made of the fire-safety risks. The responsible person may on occasions not be the landlord due to contractual reasons or where a Right to Manage Company has been formed on behalf of the leaseholders of a residential block. External wall defects are identified via a fire risk assessment (FRA), and where needed, a fire risk appraisal of external walls (FRAEW). A FRAEW assesses the fire safety risk of a building's external walls. It is carried out in accordance with industry guidance, PAS 9980, which has been produced by the British Standards Institution. PAS 9980 is a risk-based methodology that supports competent professionals to proportionately assess external wall risks and make recommendations to reduce them to a 'tolerable' level. FRAEWs carried out to PAS 9980 form the basis for remediation and funding decisions across the Government remediation schemes. If a life safety risk posed by the external wall system of the building is identified, regulators can serve a statutory notice on the landlord, legally requiring the landlord to remediate the defect.

Under the previous government, various grant funded schemes have supported the remediation of buildings with unsafe cladding, initially only those in public ownership, then in private ownership. Smaller buildings (over 11 metres in height) were included in the grant funding from 2022 via the Cladding Safety Scheme (CSS). Eligible building owners can apply for this scheme, and leaseholders can utilise the ['Tell us tool'](#) to self-refer their building. Grant support has also been made available to make buildings temporarily safer.

ACM Programme: covering buildings that are 18 metres and above with unsafe ACM cladding, prioritised due to higher risk profile.

Building Safety Fund: covering buildings that are 18 metres and above with unsafe non-ACM cladding, prioritised due to higher risk profile.

[Cladding Safety Scheme:](#) The CSS meets the cost of addressing life safety fire risks associated with cladding on residential buildings over 11 metres in height in England.

Developer-led remediation: covering buildings that are 11 metres and above with unsafe cladding (and other fire safety defects) originally constructed by 54 larger developers. [Responsible Actors Scheme: members list - GOV.UK](#)

Social housing remediation: covering buildings that are 11 metres and above (and other fire safety defects) – funded by Registered Providers of social housing and supplemented with government funding.

The Building Safety Act requires all residential buildings above 18 metres (or seven storeys) and with two or more residential units to be registered with the Building Safety Regulator (BSR) by October 2023. The regulator has powers to pursue any

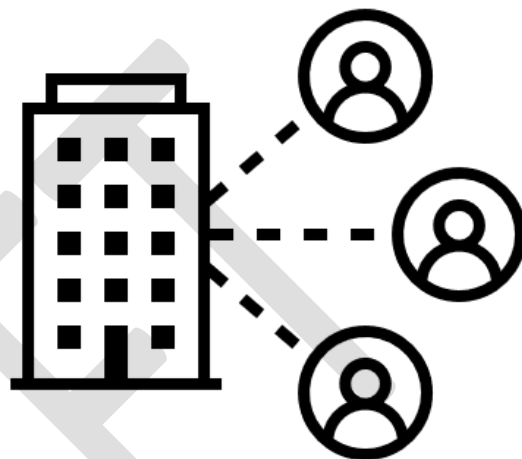
building owner who fails to comply, including prosecuting for non-compliance. There is a route for every residential building 11 metres and over with unsafe cladding to be remediated. Landlords must make an application to the relevant scheme according to the scheme requirements and agree works and a funding package. In the social housing sector, the landlord may also be the provider of social housing, although this may not necessarily be the case. Social landlords are able to apply for support from government schemes. Despite there being a route for every residential building with unsafe cladding to be remediated, the government is concerned that not all building remediation has been completed and is determined to redouble efforts to make buildings safe. MHCLG has worked at pace to identify buildings eligible for funding that are not forthcoming. It is utilising specialist data sources and knowledge from local regulators to identify buildings eligible for funding. Partners are working with MHCLG and Homes England to support this work

DRAFT

The North East Approach and Delivery

To drive forward and develop the North East Local Remediation Acceleration Plan partners from Tyne and Wear Local Authorities, Tyne and Wear Fire and Rescue Service, County Durham and Darlington Fire and Rescue Service, Northumberland Fire and Rescue Service, County Durham Local Authority, Northumberland Local Authority and the North East Combined Authority have convened to:

- Facilitate partnership working and collaboration across partners
- Discuss and identify priorities
- Understand and challenge blockages in delivery
- Assess the scale of the issue of cladding remediation and gain a collective understanding of the problems across the region including engagement
- Assess what resources are required to accelerate delivery
- Consider solutions to accelerate the pace of cladding remediation
- To act as a forum to develop the Plan, engage collectively with MHCLG and Homes England
- Understand and monitor progress



Building on the stakeholder roles and responsibilities outlined in Table 1 the key partner roles and activities are listed below:

Fire and Rescue Services

Northumberland, County Durham and Darlington, and Tyne and Wear Fire Services are at the forefront of working to safeguard residents to ensure highest standards of fire safety and public protection. Working with Local Authorities, housing association and managing agents to support compliance. This involves risk based inspections to identify, audit and monitor buildings. This includes ensuring assessment of external wall cladding systems along with other fire safety features within buildings.

Fire Services can serve enforcement notices, prohibition notices and non-compliance notices which can lead to prosecutions.

Local Authorities

Local Authorities have a crucial role in cladding remediation, working to protect residents and ensuring buildings are safe. This includes identification, monitoring and regulatory oversight and enforcements. They can request support from the Local Government Association Joint Inspection Team to assist in assessing buildings under the HHSRS and development of the associated schedules of works. Where building owners fail to act they can serve improvement notices, requiring works to be

completed. Failure to comply with an improvement notice creates criminal liability that can result in the prosecution and unlimited fine of the owner or issue of a financial penalty of up to currently £30,000 (due to be increased to £40,000 under the Renters Rights Bill) in lieu of prosecution. Like the Fire Service or an individual lease holder the Local Authority can also enter into a Remediation Order or Remediation Contribution Order to either force an entity to undertake work or force a relevant entity to fund such remedial works if the duty to undertake the works does not rest with them. Local Authorities can apply for Government support funding to support specific cases.

Building Safety Regulator

The Building Safety Regulator has the remit over high rise buildings over 18 meters or more. The BSR operates nationally and is establishing a national taskforce to support the Remediation Acceleration Plan. They take enforcement for breaches to their duties in the Building Safety Act 2022. North East partners want to continue to strengthen the collaboration with the BSR, making better use of their investigation and intelligence unit, understanding delays in processes and the system for expediting delivery.

North East Local Acceleration Plan Steering Group

A North East Local Acceleration Steering Group has been established with partners (Fire Services, Local Authorities and the North East CA). The group have considered and identified several key challenges and barriers to successfully accelerating cladding remediation. These are also recognised within the national remediation plan, which has sought to address many of them however continued collaboration and national interventions are required within the whole system. The core challenges include:

- Enforcement action through the legislation takes significant resource, planning and is lengthy
- Inspections require high level of expertise and there is substantial shortage in qualified officers
- Short term nature of funding allocations does not support long term planning and provision of overall capacity within the regulation system
- Costs of remediation works places burdens on leaseholders who fall out of scope of national remediation schemes
- Complicated ownership structures and changes in building ownership presents additional complications with dealing with Responsible Persons and slows down progress
- Cladding is not the only issue in many high rise and mid rise buildings. Inspections identify additional risks which makes the process more complicated and the need for additional remediation costs beyond the costs of cladding or external wall remediation.
- Alternative accommodation where 'decanting' is required can present challenges.
- Need for continued resident engagement by Local Authorities

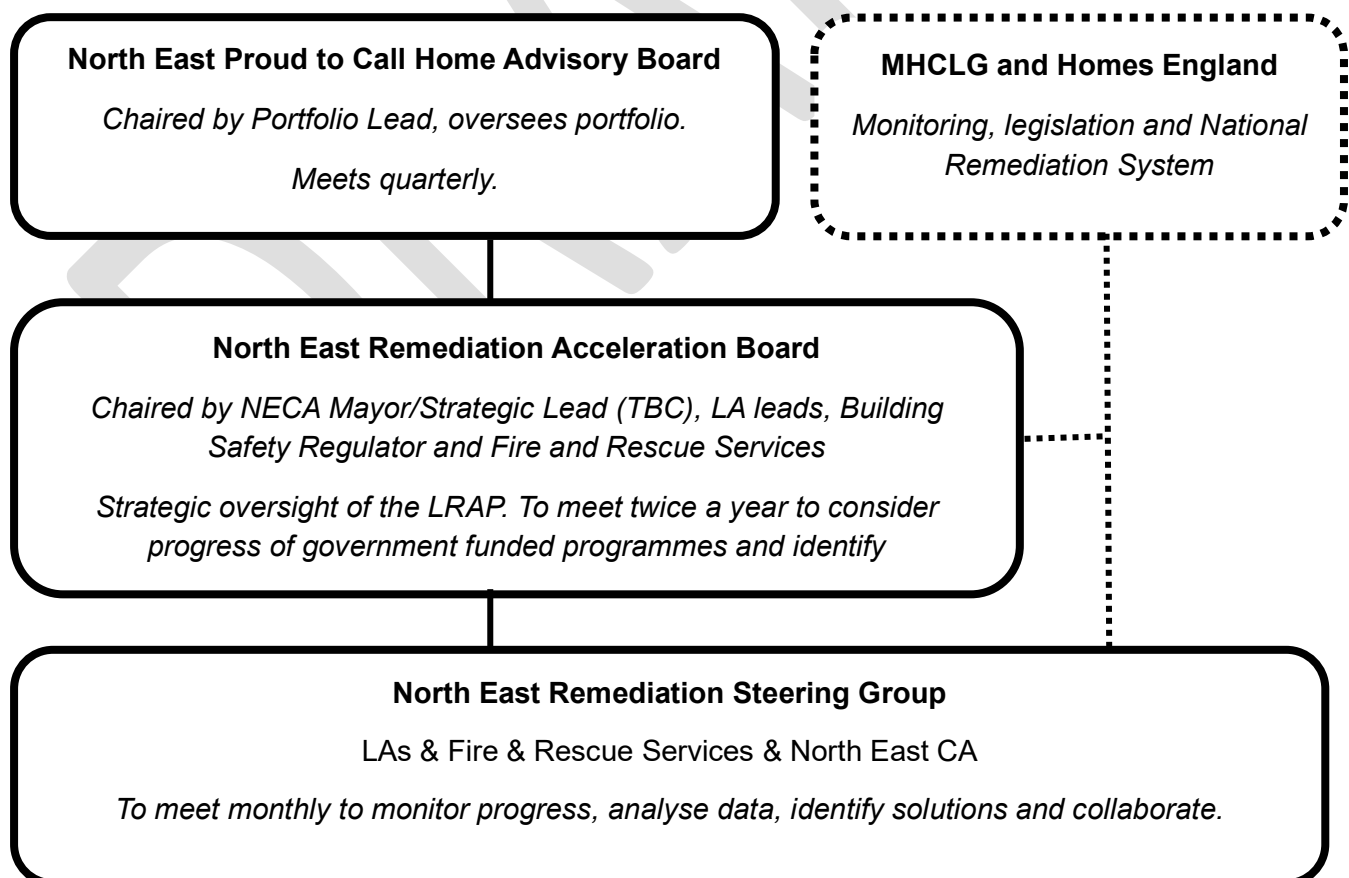
The group have identified a range of short, medium and longer term activities that need to be addressed (see appendix 1) and three key priorities to accelerate cladding remediation:

1. **Governance:** clear collective approach
2. **Joint working agreements and protocols:** established roles, responsibilities and lead regulators
3. **Multi-agency Building Led and Responsive Teams:** right experts and technical support

1. Governance

The North East Fire and Rescue Services, Local Authorities and the Combined Authority are committed to supporting the endeavour to accelerating cladding remediation through government funded schemes. Effective engagement and progress will require oversight and governance arrangements across multiple years.

A strategic North East Remediation Acceleration Board led by the North East Mayor and/or strategic lead will be established. It will comprise partners from the three separate Fire and Rescue Authorities and Local Authorities. Issues and insufficient progress will be considered with escalation to MHCLG where needed. The Board will be underpinned by a Steering Group that will meet monthly to drive forward delivery, analyse data and tackle barriers. Partners will undertake data monitoring and utilise the National Remediation System to update buildings data as required.



2. Joint Working Agreements and Protocols

A joint working agreement has been established between all Tyne and Wear Local Authorities and the Tyne and Wear Fire Services to support collaborative efforts, establish mechanisms including data sharing, monitoring and establish lead regulators for buildings. The agreement promotes efficient use of resources, ensures timely and appropriate enforcement and identifies any gaps, duplication or needs for fire safety oversight.

As required within the national Remediation Enforcement Guidance, there is an expectation that this is established with all Local Authorities and Fire Services. Joint working agreements will be established within County Durham and Northumberland.

Further opportunities to establish joint protocols for communication, sharing data, intelligence will be considered. Will look to learn from the developing National Remediation System to inform this approach.

3. Multi Agency Building Led and Responsive Teams

The existing framework for collaborative working has a strong foundation within the Tyne and Wear area. It works and is built upon a responsive and buildings led approach (case by case reviews), assembling the right mix of experts, agencies and capacity to undertake inspections and audits. Wider consideration was given to forming a larger multi partner team but this would not build upon the established ways of working, be significant in cost, potentially deplete the existing capacity within Local Authorities and Fire Services and create alignment pressures across the three Fire Service areas. This approach will interact with the establish national Joint Inspections Teams and be facilitated by additional technical capacity and flexible funds across the region as needed.

Conclusion

The North East Local Remediation Acceleration recognises the complexity and need to tackle cladding remediation in partnership. No one organisation can accelerate delivery and deliver the changes need to accelerate the pace of cladding remediation to ensure residents are safe in their homes.

We have established joint working agreements, strengthened collaboration between partners and by implementing the multi agency building lead responsive team approach, we will enhance the capacity and expertise within this complex system to help unblock the challenges. The Plan will help to leverage expertise, resources and the Building Safety Regulator and industry underpinned by robust governance set out in the government's National Remediation Plan.

Continued government resources will be required to overcome significant challenges with regulation, funding constraints, complex ownership structures if ambitious timescales are to be met.

The Plan will be reviewed on an annual basis, accompanied by more regular buildings data and monitoring requirements from partners.

Appendix 1 - High Level Action Plan

To develop the LRAP partners will consider and carry out the following key activities:

Activities	Timeline
Establish Steering Group	Completed
Conduct baseline review of datasets for High rise buildings	Completed
Establish Strategic Governance	Short
Establish Joint Working Agreements between Fire Services and Local Authorities include process to identify Lead Regulator	Short
Recruit North East Remediation Plan programme management	Short
Appoint additional technical expertise to support multi agency team approach	Short
Formalise monitoring procedures and coordination for multi agency team approach	Short
Review and support mid rise buildings review undertaken by Homes England and update National Remediation System	Ongoing Short
Establish and embed monitoring procedures with MHCLG	Short
Develop joint protocols for communication, data and promoting guidance	Short - medium
Consider and support expertise, skills and resource gaps	Ongoing - Long
Consider the system wide impact of enforcement remediation or prohibition action where a building owner has set plans	Ongoing
Consider the needs and barriers for social housing providers	Medium
Set timescales, expectations and priorities for the remediation of high rise buildings over 18 metres within programme	Short - Medium
Set timescales, expectations and priorities for the remediation of mid rise buildings over 11 metres within programme	Medium - Long

Glossary

BSR	Building Safety Regulator
CA	Combined Authority
CSS	Cladding Safety Scheme
FRAEW	Fire Risk Assessment of External Walls
HHSRS	Housing Health and Safety Rating System
HSE	Health and Safety Executive
JIT	Joint Inspection Team
LA	Local Authority
LRAP	Local Remediation Acceleration Plan
MHCLG	Ministry for Housing Communities and Local Government
REG	Remediation Enforcement Guidance
TWFRS	Tyne and Wear Fire Rescue Service

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Title: The North East Local Growth Plan
Portfolio: Home to a growing and vibrant economy
Responsible Director: Phil Witcherley, Director of Economic Growth and Innovation
Report Author: Rob Hamilton, Assistant Director of Strategy and Innovation

Purpose of Report

This report seeks Cabinet's endorsement of the final version of the North East Local Growth Plan, 'Creating Real Opportunity'. Mayors were asked to bring forward Local Growth Plans by the Prime Minister and the North East Mayor's Plan is designed to help make the North East the home of real opportunity – a region where everyone can thrive. It's built on a strong and updated evidence base,¹ collaboration with Cabinet members, the input of cross-sector stakeholders and consultation on an Interim Plan.

Recommendations:

Cabinet is recommended to:

1. Approve the final version of the North East Local Growth Plan.
2. Delegate authority to the Chief Executive, in consultation with the Mayor and appropriate Cabinet members, to put in place appropriate measures to support the development and implementation of the priorities identified by the Local Growth Plan, including in discussions with Government departments and agencies.

Executive summary

The Plan will be a key strategic document for the region, setting out proposals to grow the economy and improve living standards. It will unlock world-class opportunities and provide thousands of jobs in green energy, the creative industries, and other priority sectors. The Plan draws on the Mayor's manifesto, spans the full breadth of the Combined Authority's programmes, connects to the National Industrial Strategy, and meets the guidance for Local Growth Plans set out by the Government. Appendix 1 summarises the results of consultation on the plan and Appendix 2 provides a summary strategic evidence base, with Appendix 3 setting out the Local Growth Plan itself.

The Plan is structured around the Combined Authority's missions and sets out a range of activities related to the growth of key sectors and cross-cutting issues including: investment in skills, improving access to employment, tackling child poverty, reducing the digital divide, improving housing, creating a better transport system and increasing innovation. It also highlights a number of ambitious outcomes to be achieved over the 10-year lifespan of the Plan:

- Home to a growing and vibrant economy for all
Thousands more good jobs will have been created, contributing to higher levels of employment and rising take-home pay.
- Home of the green energy revolution

The North East will be at the forefront of investment in green energy, as we once were for coal, employing thousands of skilled people in long-term secure careers.

- A welcoming home to global trade
We will hold a new position on the world stage as a place where our skilled, hard-working people make innovation thrive. We will exceed national average levels of Foreign Direct Investment and attract many more international visitors.
- Home of real opportunity
Every child will have access to opportunity, while we will also have seen an improvement in skills, digital inclusion and health outcomes, alongside a reduction in child poverty.
- A North East we are proud to call home
More affordable and social homes will have been built, alongside a world-class integrated transport network which people to jobs and training opportunities seamlessly.

Following a period of consultation and engagement with Government, stakeholders, and the public in the region – supported by ongoing engagement with our Cabinet members, the Growing and Vibrant Economy Portfolio Board, the Business and Economy Board, VCSE Leadership Board, CBI Regional Council, NE Chambers of Commerce meetings, universities and other key partners the Local Growth Plan has now been finalised.

A. Context

1. Introduction and overview

- 1.1. The final version of the North East Local Growth Plan sets out key priorities for the region, illustrating how we will grow our economy and improve living standards. It will help guide future investment decisions and be used in discussions with Government. The Plan has been developed in consultation with local authorities, the Government, regional stakeholders, and the general public.
- 1.2. The Plan includes multi-million pound investment decisions and programmes which have already been agreed by Cabinet and are set out in more detail in the accompanying budget paper, whilst also setting out more than £14bn of new investment opportunities. The Plan has also been developed alongside, and is consistent with, the Local Transport Plan, the New Deal for North East Workers, and the North East Child Poverty Action Plan. The objectives highlighted in the Local Growth Plan will be set out in more detailed delivery plans in key areas, including skills, innovation, culture and housing.
- 1.3. The Plan meets the guidance from Government set out in ‘The UK’s Modern Industrial Strategy’ⁱ that they “should set out the priorities where the authority will focus its devolved powers and funding to drive productivity and growth.”ⁱⁱ The English Devolution and Community Empowerment Bill contains provisions to make the development of a Local Growth Plan a statutory requirement.ⁱⁱⁱ
- 1.4. The Plan identifies a range of sectoral economic opportunities where the region has strong economic assets and opportunities, aligned to the Industrial Strategy. These include:
 - Offshore wind and energy transition
 - Advanced manufacturing including electric vehicles
 - Creative industries and content
 - Life sciences, pharmaceuticals and process industries
 - Tech, digital and AI
 - Defence, security and space
 - Supporting growth across the region, including in rural and coastal areas

- 1.5. The document also notes that creating opportunities for residents is dependent on a much broader and balanced set of priorities including investment in skills, improving access to employment, tackling child poverty, reducing the digital divide, improving housing, creating a better transport system and unlocking wider economic opportunities in the Foundational Economy (Table 1).

Table 1: Summary of ‘Creating Real Opportunity’

Mission	Creating strong foundations and transforming communities	Maximising our economic opportunities
Home to a growing and vibrant economy for all	<ul style="list-style-type: none"> • Innovation and business dynamism • Digital North East 	<ul style="list-style-type: none"> • Creative industries and content • Tech, digital and AI • Knowledge-intensive professional services • Life sciences, pharmaceuticals and process industries
Home of the green energy revolution	<ul style="list-style-type: none"> • Green jobs and warm homes 	<ul style="list-style-type: none"> • Offshore wind and energy transition
A welcoming home to global trade	<ul style="list-style-type: none"> • Investment and trade • Infrastructure and key sites 	<ul style="list-style-type: none"> • Advanced manufacturing including electric vehicles • Defence, security and space
Home of real opportunity	<ul style="list-style-type: none"> • Skills and qualifications • Economic activity, health and wellbeing • Tackling child poverty 	<ul style="list-style-type: none"> • Foundational economy
A North East we are proud to call home	<ul style="list-style-type: none"> • Better housing • Green transport which works for all 	<ul style="list-style-type: none"> • Visitor economy • Rural and coastal businesses

- 1.6. This final version of the Plan also includes a set of shared priorities, agreed with Government as part of the process of refining the Plan. These cover:
- **Skills and employment**
Increasing levels of employment and strengthening the technical skills base, helping residents to progress into or increase participation in the workforce and supporting people into better employment opportunities.
 - **Innovation**
Increasing business creation and growth in the region, including by increasing the concentration of businesses innovating and those with the potential to scale-up or export.
 - **Transport**
Improving transport connectivity to create a green, integrated transport network that works for the movement of people and freight, supporting access to wider employment, learning opportunities, and essential services.

1.7. The Local Growth Plan has also been updated to include a capital investment pipeline, based on:

a) Industrial strategy zones

- Offshore wind: Blyth and the River Tyne Investment Zones
- Automotive: International Advanced Manufacturing Strategic Site Investment Zone
- AI Growth Zone
- Advanced materials: NETPark Investment Zone

b) Thriving and creative cities

- Newcastle & Gateshead Mayoral Development Zone
- Riverside Sunderland Creative Mayoral Development Zone
- Durham Innovation District
- Supported by the North East Carbon & Nature Marketplace

c) Economic corridors and transport investment

- Leamside Line economic corridor
- Northumberland Line economic corridor
- Transport investment

2. Consultation

2.1. Following Cabinet's approval of the Interim Local Growth Plan in March, the Combined Authority undertook a public consultation exercise, as well as further consultation and engagement with stakeholders. The results and outcomes of these are set out in Appendix 1. The Local Growth Plan has also drawn on a significant evidence base, summarised in Appendix 2.

B. Impact on North East Combined Authority Objectives

All funded activity will contribute to progressing the Mayor's and Cabinet's priorities to support integrated place-based growth which have been set out in the Mayor's Manifesto and the North East CA Corporate Plan and devolution deals. The approach to delivery will be guided by the principles and approach set out in the Investment Framework, agreed by Cabinet in January 2025.

C. Key risks

The key risk to delivery of the ambitions set out in the Plan is an absence of sufficient resources. Priorities and outcomes will need to be assessed in light of the Integrated Settlement and other resource allocations and taken into consideration in the development of delivery plans to accompany the Local Growth Plan. A full risk assessment will also be completed as part of the North East CA Single Assurance Process as detailed funding proposals are developed.

D. Corporate implications

D.1. Finance and other resources implications

There are no specific financial decisions as a result of this report, although the Plan is expected to guide the use of future resources.

D.2. Legal implications

The comments of the Monitoring Officer have been included in this report.

D.3. Equalities implications

The North East CA complies with the Public Sector Equality duty and is conscious of the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2025 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority: as an employer, a commissioner, and a convenor.

Equality implications will be considered as part of the Assurance Process, with impact assessments undertaken as part of specific policy and project areas or as individual business cases come forward.

D.4. Consultation and engagement

Regular engagement and consultation has taken place with all of the constituent local authorities and with a number of groups drawn from across business, the VCSE and education sectors as the Plan has been developed and refined. A public consultation exercise took place following the publication of the Interim Local Growth Plan.

E. Appendices

Appendix 1 – Summary of consultation responses

Appendix 2 – Strategic Evidence Base

Appendix 3 – Creating Real Opportunity: the North East Local Growth Plan 2025-2035

F. Background papers

None

G. Glossary

North East CA
VCSE

North East Combined Authority
Voluntary, Community, and Social Enterprise

Contact officer(s)

Rob Hamilton, Assistant Director of Economic Strategy

rob.hamilton@northeast-ca.gov.uk

ⁱ Department for Business and Trade, The UK's Modern Industrial Strategy, June 2025:

<https://www.gov.uk/government/publications/industrial-strategy>

ⁱⁱ Ministry of Housing, Communities & Local Government, Guidance for Mayoral Strategic Authorities on developing Local Growth Plans, updated 21 July 2025: <https://www.gov.uk/government/publications/local-growth-plans-england/guidance-for-mayoral-strategic-authorities-on-developing-local-growth-plans>

ⁱⁱⁱ UK Parliament, English Devolution and Community Empowerment Bill:

<https://bills.parliament.uk/bills/4002/publications>

Appendix 1: Summary of responses to the consultation

The Interim Local Growth Plan was out for consultation from 19 March to 31 May 2025. Stakeholders and the public could provide their views and comments in a variety of ways:

- An online survey
- At online and in-person events
- By submitting other written feedback via email or letter

The consultation was primarily aimed at businesses and business representative organisations, although individual members of the public could also take part.

Engagement statistics:

- 3,678 downloads of the Interim Local Growth Plan
- 542 attendees at online engagement events, resulting in 10 transcriptions
- 207 views of the Local Growth Plan presentation on YouTube
- 199 attendees at in-person engagement events
- 98 responses to the online survey
- 14 submissions of other written feedback

Approach to analysis

Responses to the engagement exercise came in a variety of formats. The online survey contained a mix of quantitative questions, such as, “Overall how satisfied are you with the plan?” and qualitative questions such as, “Are there any priorities or interventions that are missing?”

Responses coming in via letter and online engagement events were generally open text and not specifically aligned to the survey. Online meeting events were electronically transcribed, and attendee feedback was collated. The statistics below relate to the on-line survey only, and do not include the 750 people who attended the engagement events or YouTube presentations.

Online survey

Satisfaction with the Interim Local Growth Plan

Respondents were asked to rate their satisfaction from 1 (not at all satisfied) to 10 (very satisfied).

Satisfaction rating	Number of responses	Percentage of total	
10	3	4%	87%
9	7	10%	
8	28	41%	
7	9	13%	
6	13	19%	
5	3	4%	14%
4	4	6%	
3	1	2%	
2	1	2%	
1	0	0%	

*Note: percentages do not always add up to 100% due to rounding.

Respondent demographics

Respondents were asked where they were based.

Local Authority area	Number of responses	Percentage of total
Newcastle upon Tyne	24	27%
County Durham	16	18%
Northumberland	12	14%
Sunderland	11	13%
Gateshead	8	9%
North Tyneside	7	8%
South Tyneside	3	3%
Whole NE region	3	3%
Virtual	2	2%
Scotland	1	1%
Cumbria	1	1%
TOTAL	88	

*Note: percentages do not always add up to 100% due to rounding.

Respondents were asked what their relationship was to the organisation they worked in.

Category	Number of responses	Percentage of total
Employee	50	59%
Sole owner	14	16%
Co-owner	13	15%
Other	5	6%
Freelance	1	1%
Founder	1	1%
Co-founder	1	1%
TOTAL	85	

*Note: percentages do not always add up to 100% due to rounding.

Respondents were asked how many people work at their organisation.

Number of employees	Number of responses	Percentage of total
0-100	48	73%
100-250	8	12%
300-700	5	8%
700+	5	8%
TOTAL	66	

*Note: percentages do not always add up to 100% due to rounding.

Respondents were asked what their age group was.

Age group	Number of responses	Percentage of total
16-24	1	2%
25-34	2	3%
35-44	13	20%
45-54	19	29%
55-64	19	29%
65-74	7	11%
Prefer not to say	4	6%
TOTAL	65	100%

*Note: percentages do not always add up to 100% due to rounding.

Respondents were asked what their sex was.

Sex	Number of responses	Percentage of total
Male	34	55%
Female	26	42%
Prefer not to say	2	3%
TOTAL	62	100%

*Note: percentages do not always add up to 100% due to rounding.

Online and in-person events

Summary of engagement:

- The vast majority of respondents welcomed the coverage of the Plan, including the fact that it highlighted the breadth of economic opportunities right across the region and the importance of making progress on multiple fronts.
- Some respondents – whilst recognising the broad range of issues faced by the region – were keen to see greater prioritisation and/or phasing - particularly when it comes to the delivery of new initiatives.
- Some respondents wanted greater clarity on opportunities associated with low-carbon growth and other fast-growing parts of the economy (likely to include defence / space / digital), and by looking at sub (and cross) sectoral expertise.
- Several respondents mentioned the importance of tackling barriers to employment – notably health – and that increasing employment will also drive growth.
- Several respondents highlighted that employment opportunities need to be accessible to all – many of the growth sectors highlighted in the plan currently have low levels of employment of women.
- There was strong support for inclusion of the Foundational Economy and for tackling child poverty.
- Some respondents said that ‘digital adoption’ – and diffusion of advanced digital technologies and AI – should form a stronger part of the overall plan.
- Some respondents said that the region needed to have clear pathways to help SMEs tackle barriers to growth with an ecosystem which blends together opportunities from public and private sector, including a focus on start-ups and scale-ups.
- Several respondents said that the Plan should include measurable outputs and targets, with outcomes and objectives embedded within a new performance framework for CA/region.

Other written feedback

14 pieces of other written feedback were submitted, many of which included specific suggested changes to the text.

Our responses to these are covered in the table below:

You said	Response
Plan does not explicitly mention that women are under-represented in the high-growth sectors identified.	The text now includes a reference to this in the ‘Introduction’.
Plan does not explicitly include a commitment to narrowing the gender pay gap.	The text now includes a reference to narrowing the gender pay gap in the section ‘Positioning the North East to respond to major global trends’ section.
Plan does not include a map of key investment opportunity sites across the region.	The text now includes a new section on ‘Our investment pipeline’, with geographies clearly identified.
Plan should have clearer prioritisation and phasing.	The text now includes a new section on ‘Our investment pipeline’ which sets out our priority projects.
Plan should be clearer on how it fits within a wider framework of strategies and investment plans.	The text now explicitly includes references to the Investment Prospectus, the New Deal for North East Workers, and the North East Child Poverty Action Plan.
Plan does not explicitly contain commitments to ensure more women are able to secure	The text now includes several commitments to this in these sections: Mission 1: Home to a

You said	Response
employment in traditionally male-dominated roles.	growing and vibrant economy for all; Creative industries and content; Tech, digital and AI; Supporting growth of our knowledge-intensive professional services; Life sciences, pharmaceuticals and process industries; Offshore wind and energy transition; Advanced manufacturing including electric vehicles; Defence, securing and space.
Plan does not explicitly mention micro businesses.	The text now includes a reference to micro businesses in the 'Supporting business growth' section.
Plan does not explicitly mention 'digital adoption' as a strand of the 'Delivering our digital ambitions'.	The text now includes a strand on 'Digital Adoption' in the 'Delivering our digital ambitions' section.
Plan does not give enough prominence to NETPark in County Durham.	The capital pipeline includes NETPark and there are a number of other references in the text.
Plan does not explicitly reference anchor institutions or social enterprises.	The text now includes commitments on anchor institutions and social enterprises in the 'Supporting growth of the foundational economy' section.
Plan does not explicitly name our two world heritage sites.	The photos of Hadrian's Wall and Durham Cathedral in the 'Supporting the visitor economy' section are now captioned.
Plan does not include metrics for measuring impact.	The text now includes a new section on 'Measuring impact'.

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Strategic Evidence Base

The North East Local Growth Plan

2025-2035

Creating Real Opportunity



Introduction and context

This strategic evidence base brings together data, research and local insights to support the Local Growth Plan for the North East. It provides a clear and accessible picture of the region’s economy, communities and growth potential. It is organised into three sections: Our economy, Our people, and Place.

Read the [full evidence base](#) on the North East Evidence Hub.

The Local Growth Plan sets out a 10-year vision for a region where everyone thrives. Within 10 years we will have made substantive progress against our five key missions:

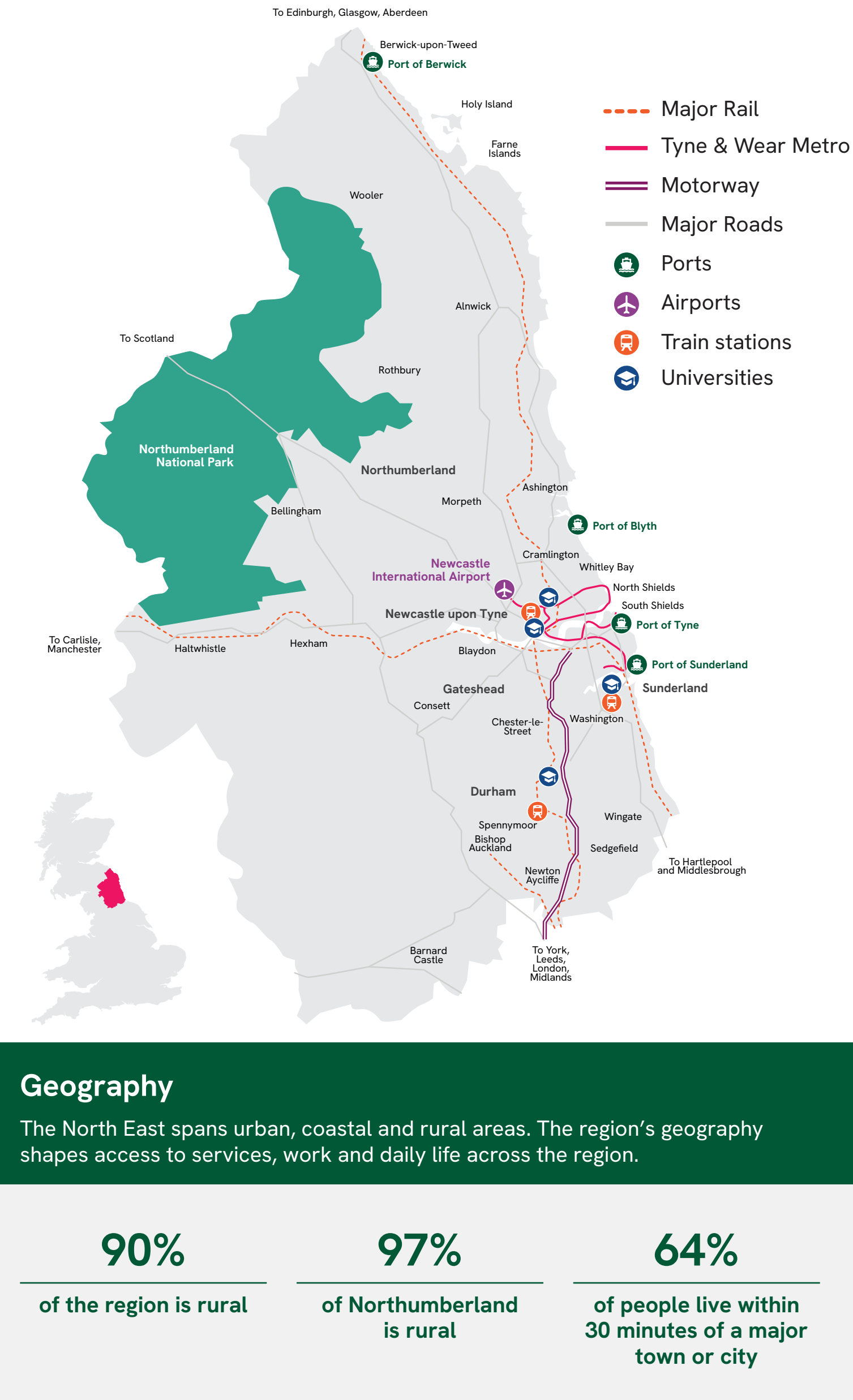
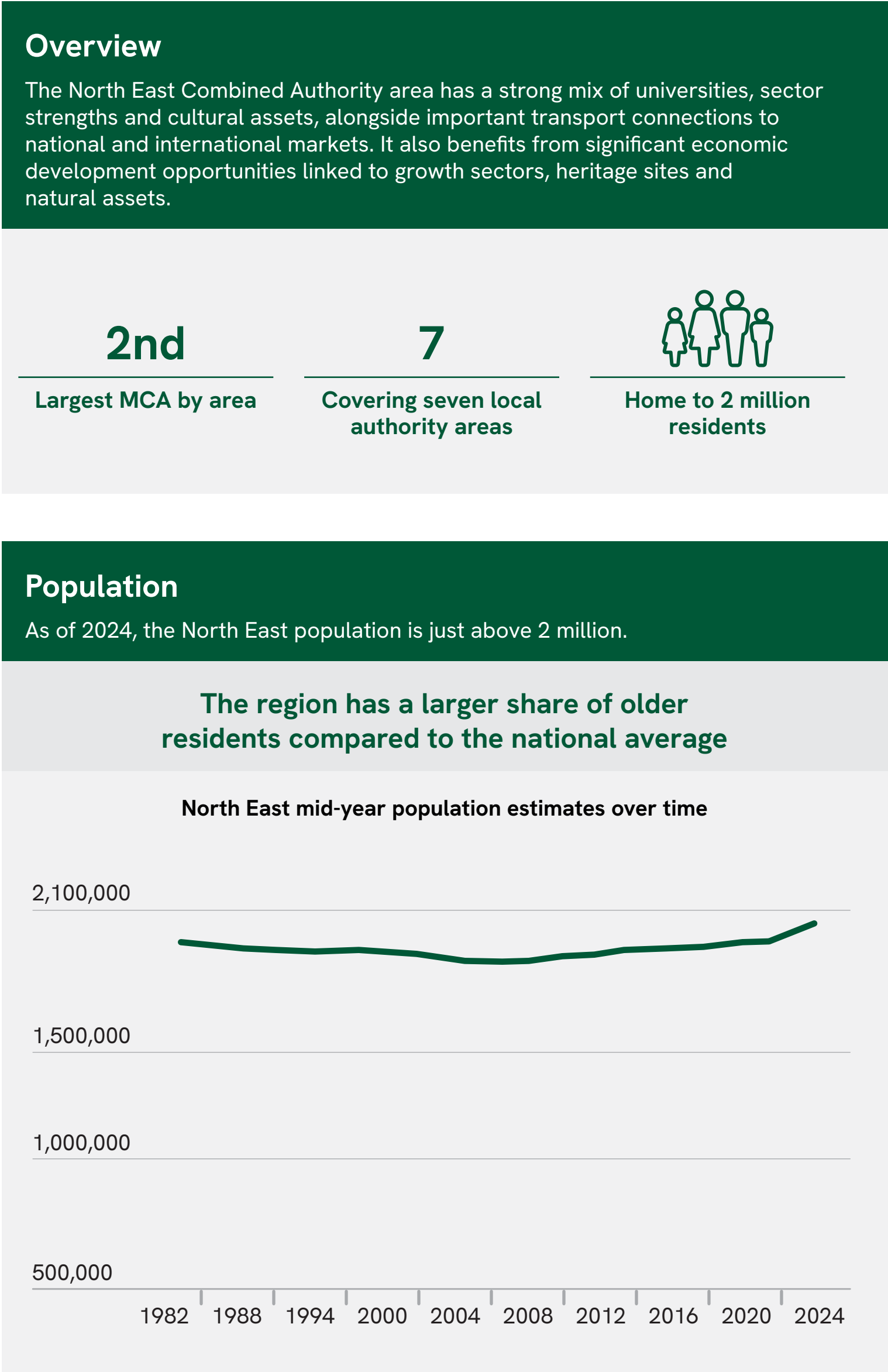
 Home to a growing and vibrant economy for all

 Home of the green energy revolution

 A welcoming home to global trade

 Home of real opportunity

 A North East we are proud to call home



Local Growth Plan:

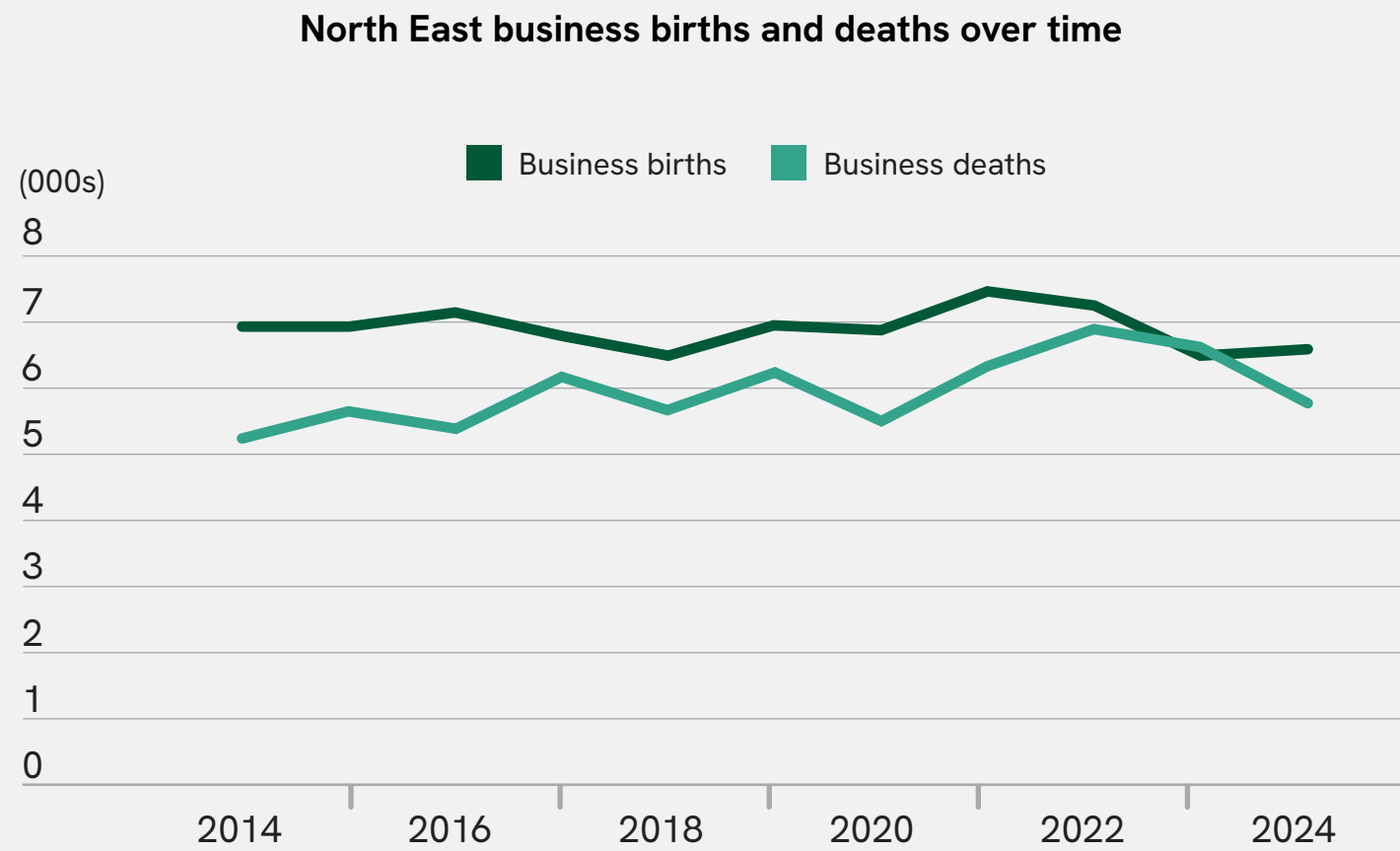
Our Economy

Although the North East economy has notable strengths, it remains below average in productivity, pay, and business growth. Improving economic performance and supporting key sectors will be central to achieving long-term, sustainable growth.

Business base

The North East has a resilient core of established firms alongside a growing number of new businesses. However, business density and scaling remain below national levels, and supporting firms to grow remains a priority.

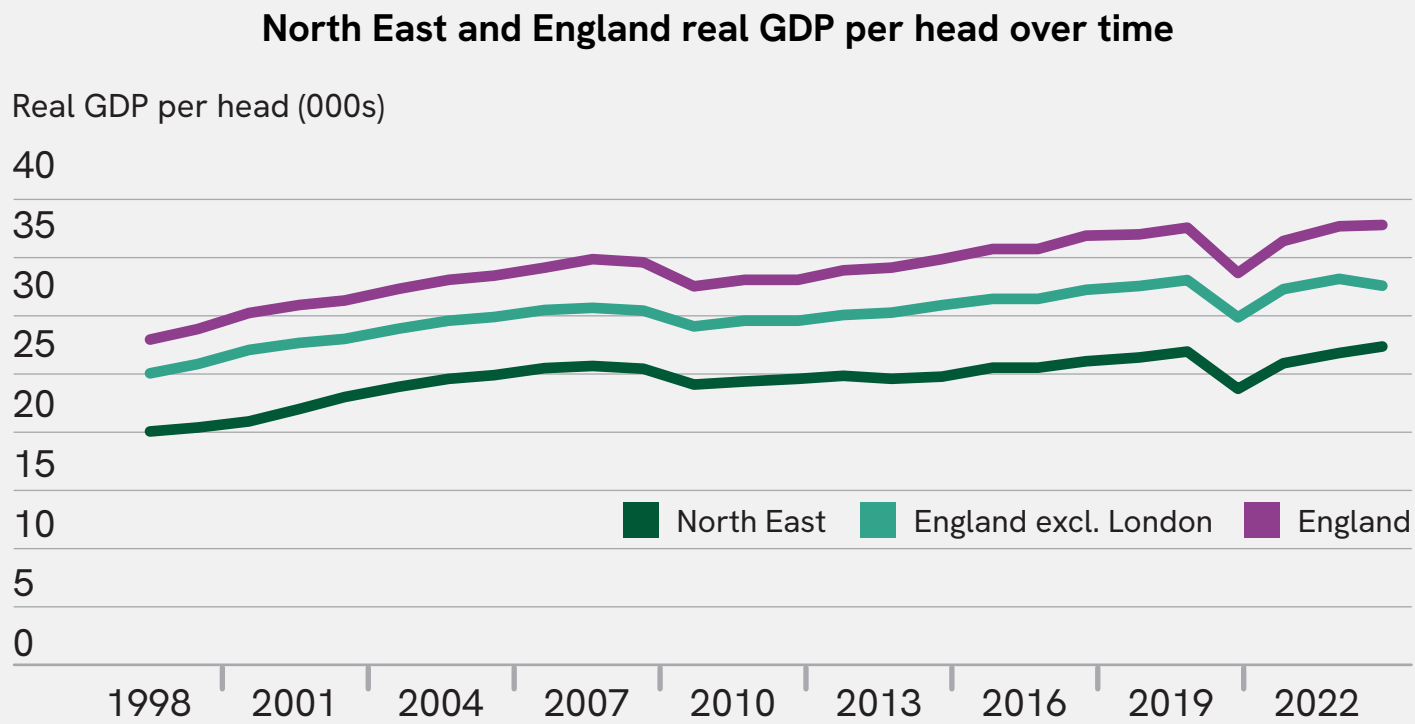
The North East has fewer businesses per head, but SMEs drive most jobs and turnover



Gross Domestic Product (GDP)

GDP per head has increased over time, although the gap with the UK remains. Variations across local areas show uneven economic performance within the region.

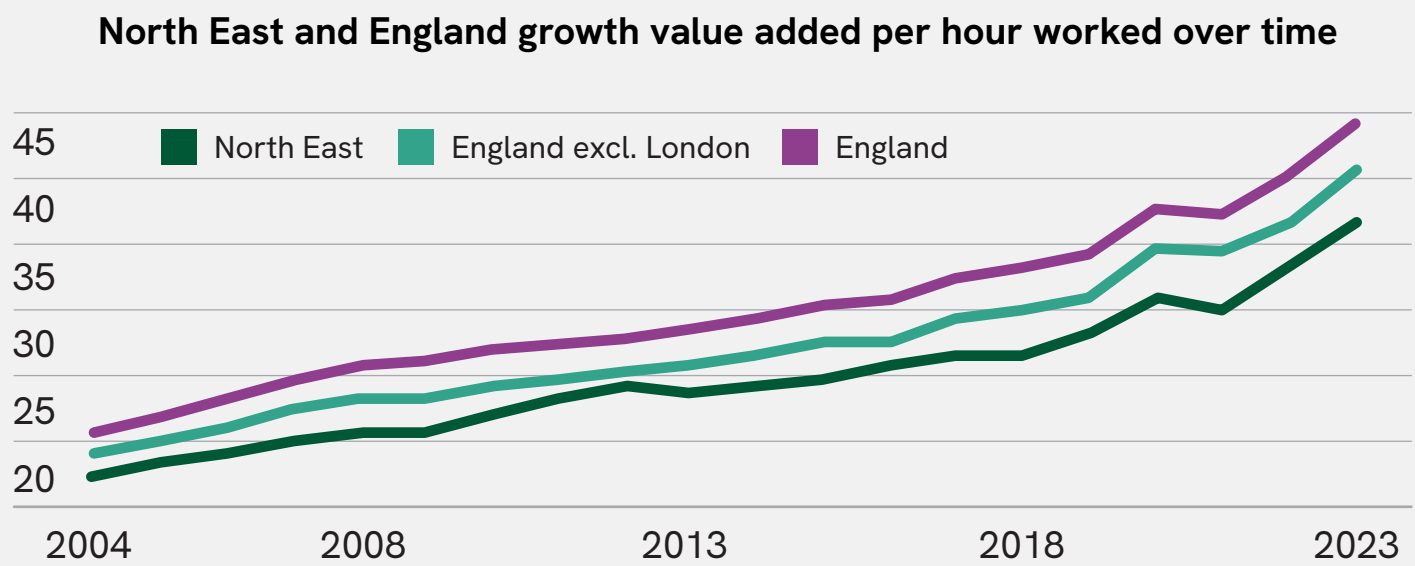
GDP per head is rising but remains below the UK average



Pay and productivity

Productivity in the region has improved but remains below the UK average, and earnings are lower than nationally. Differences in pay and productivity across industries highlight the need to grow higher-value employment.

Productivity is improving but remains below the UK average



Key sectors

The North East has a diverse mix of high-value and fast-growing sectors. These sectors benefit from strong comparative advantages and have seen significant recent growth in jobs, investment and innovation.

The North East has strengths across a range of key sectors



Offshore wind and energy transition
About 1,000 renewable energy companies have North East sites, with an estimated 25,000 staff.



Advanced manufacturing including electric vehicles
3,900 businesses in advanced manufacturing employing 67,000 people.



Creative industries and content
Around 50,000 jobs in the wider region’s creative industries.



Tech, digital and AI
About 45,000 jobs in the wider region’s digital sector, with 8,400 employees in broad AI sectors.



Life sciences, pharmaceuticals and process industries
8,000 employed in life sciences in the North East CA area.



Defence, security and space
One of the fastest growing space clusters.

Local Growth Plan:

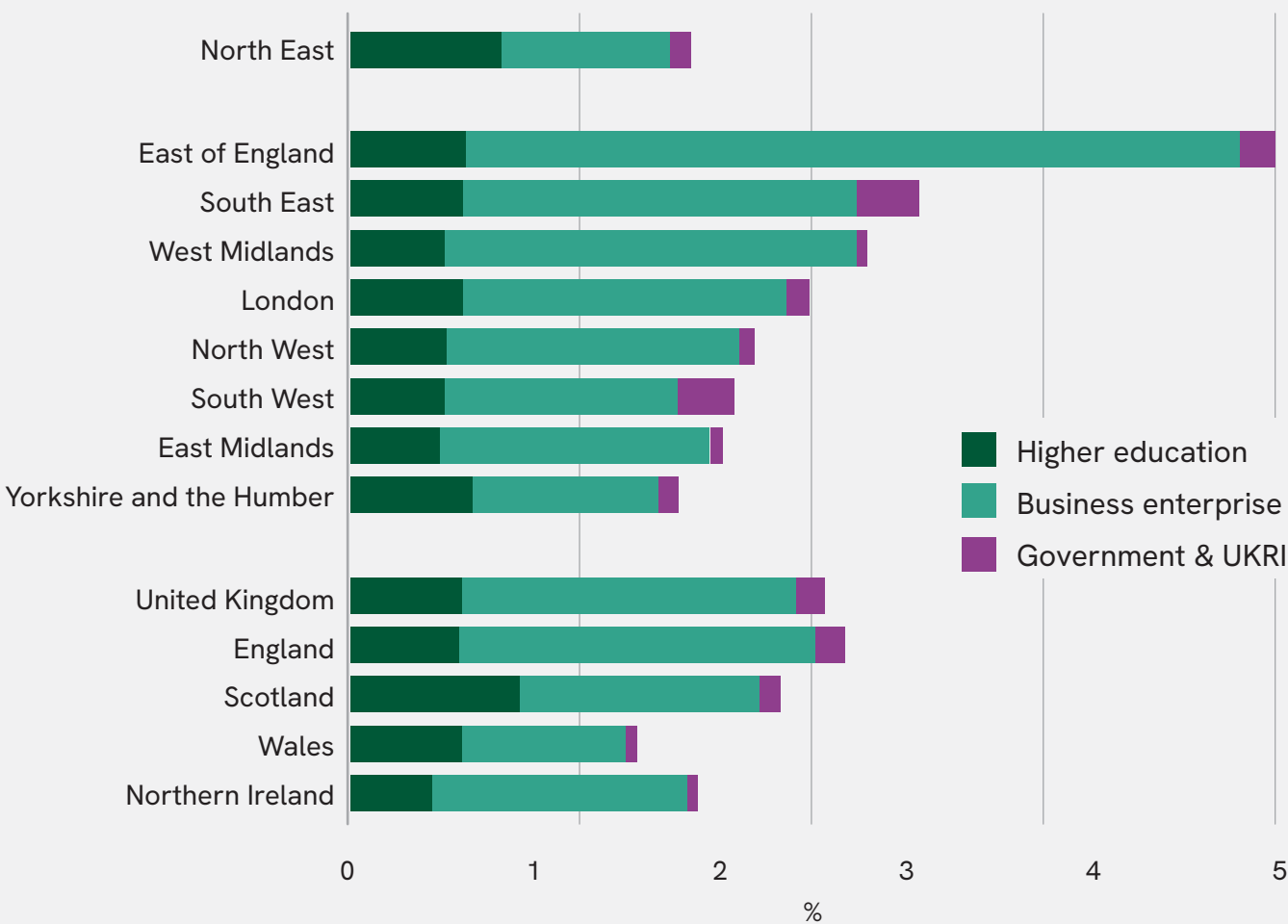
Our Economy

Research and development (R&D), and innovation

There is growing innovation activity through universities, research centres and industry partnerships. Expanding research, development and commercialisation will support higher productivity and economic growth.

R&D investment is rising, led by business expenditure

Research and development spend as a percentage of GDP, 2023



£1.5bn

Business-led R&D spending in the North

£724m

The North East's BERD increased from £384m in 2017 to £724m in 2023

£655m

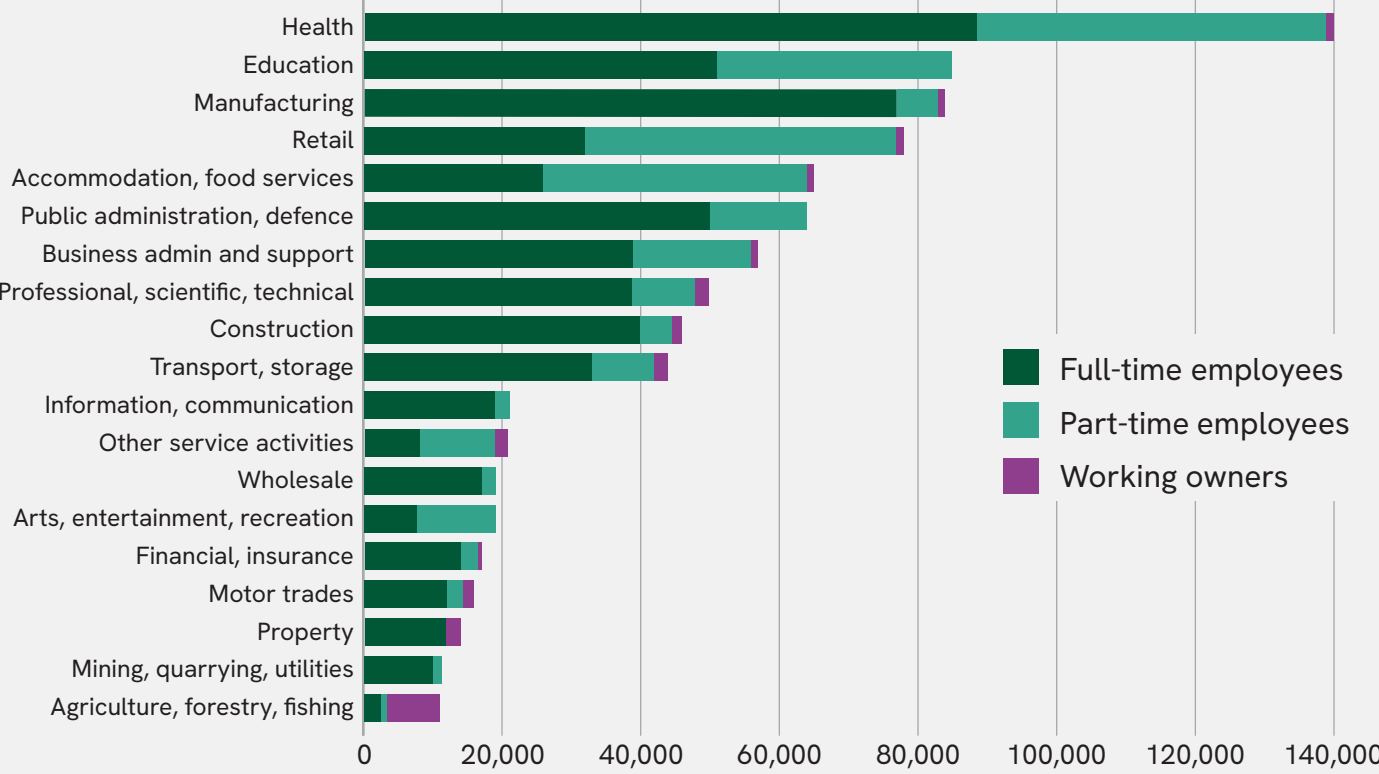
In Higher Education R&D expenditure, up £61m in the latest year

Sector overview

In the North east, over 15% of the workforce are employed in the broad health and care sector. Other high employment sectors in the region include manufacturing, education, retail and hospitality. More than half of employees in retail, hospitality and arts work part-time.

Health and care is the region's largest broad employment sector

North East employment in registered enterprises by broad sector, 2024



Inward investment and trade

The region has strong export performance and benefits from foreign direct investment (FDI), supporting employment and supply chains. Increasing export intensity and supporting international market growth will be important for future competitiveness.

The region performs well on FDI job creation



Next Steps in the Local Growth Plan

- Grow high-value sectors and support supply chain development
- Strengthen export performance and international market reach
- Improve productivity and pay through innovation and business support
- Expand research, development and commercialisation partnerships
- Enable more firms to scale and attract new investment into the region
- Ensure economic growth is broad-based and benefits all communities

Local Growth Plan:

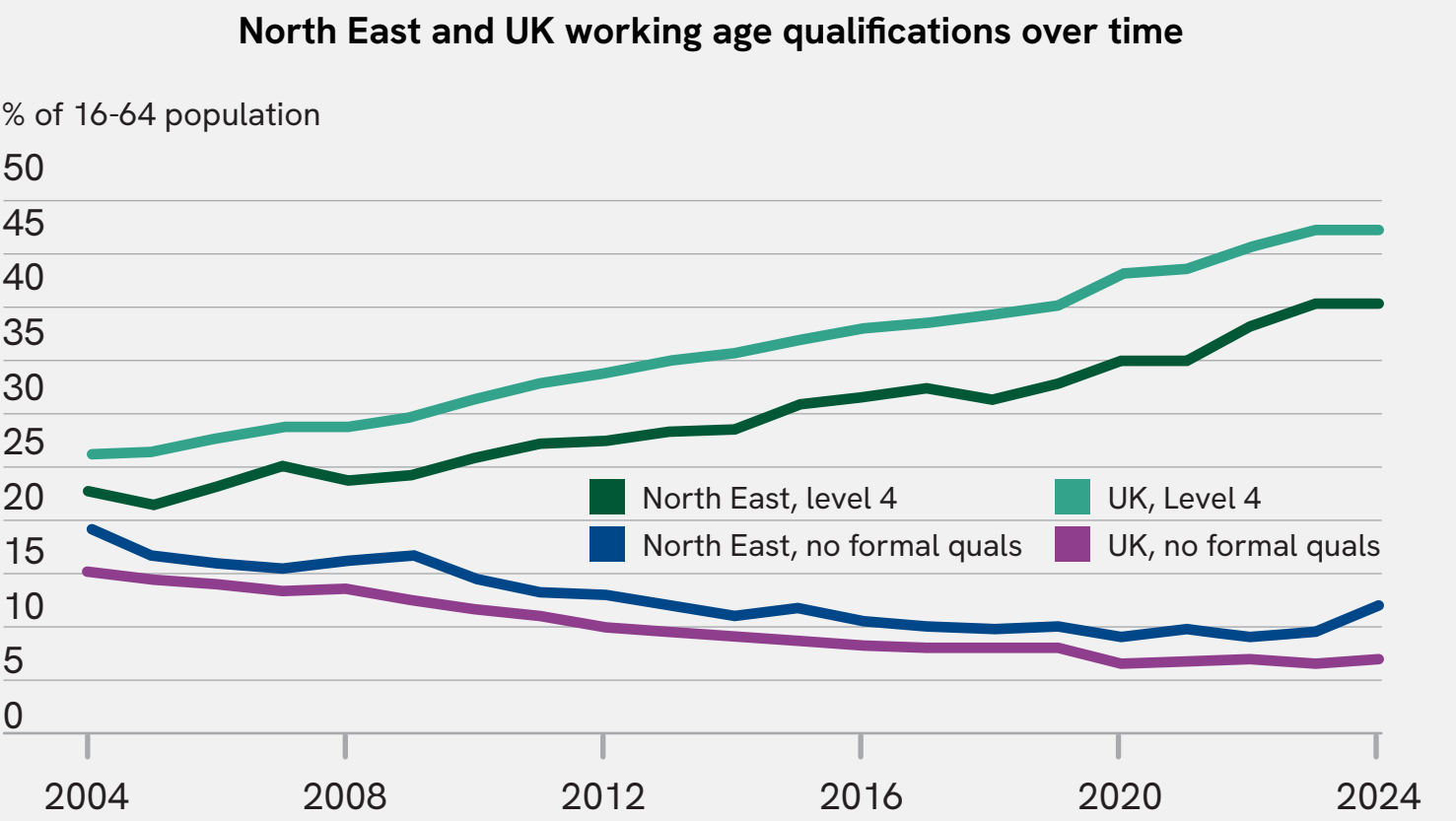
Our People

The North East is home to a skilled and talented population, but challenges remain in improving qualification levels and addressing economic inactivity. Raising education outcomes, supporting people into work, and improving health and wellbeing are central to inclusive growth.

Education and Skills

The region has higher levels of residents with no qualifications than the UK average, although the proportion of young people achieving higher qualifications has been improving. Over a quarter of economically inactive adults have no qualifications, highlighting the continued need for skills support and accessible education pathways.

The North East level of residents with no qualifications is higher than the UK's



Labour Market

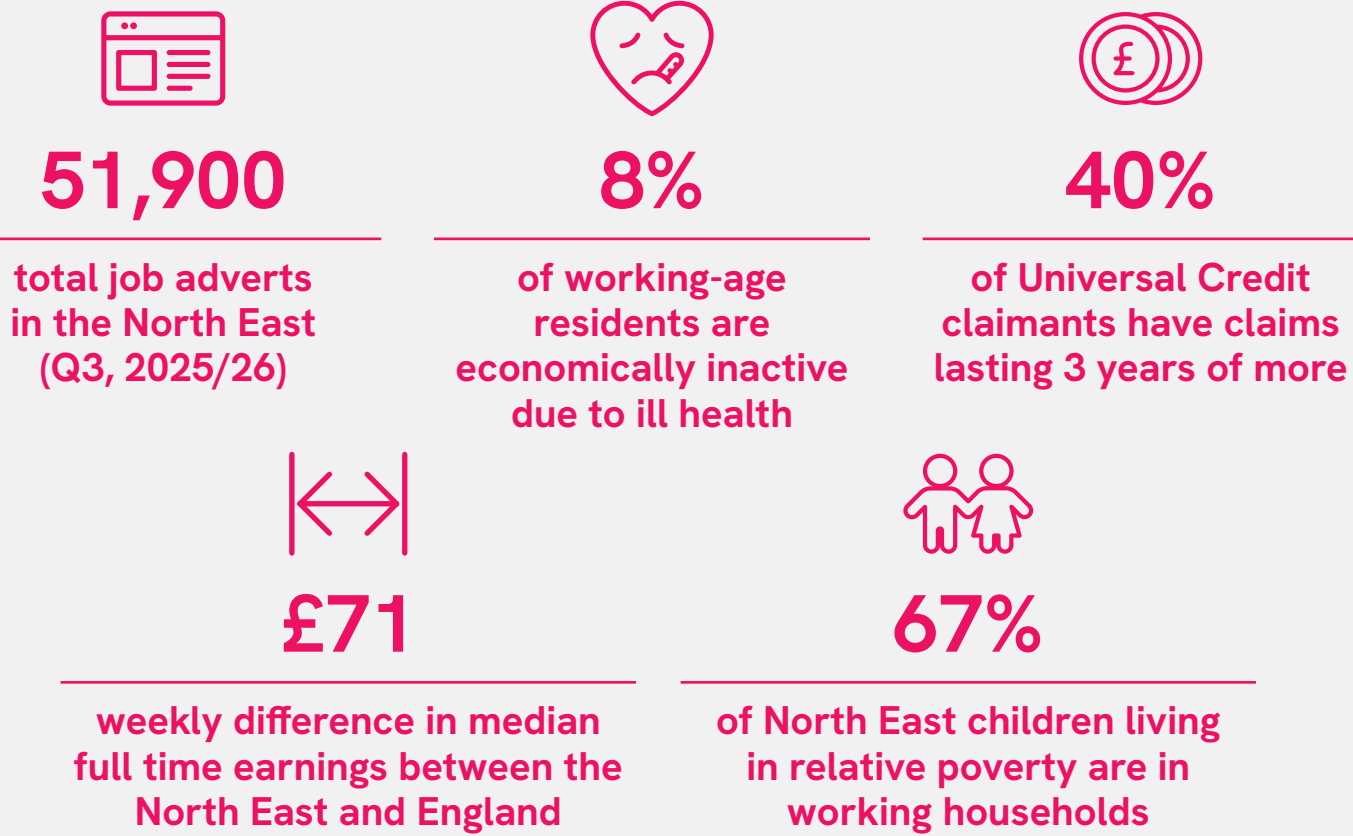
Employment rates remain below the national average, with economic inactivity increasing since 2020. Poor health has become a leading factor in this trend.

Employment rates remain below the national average

If the North East was home to 100 adults:



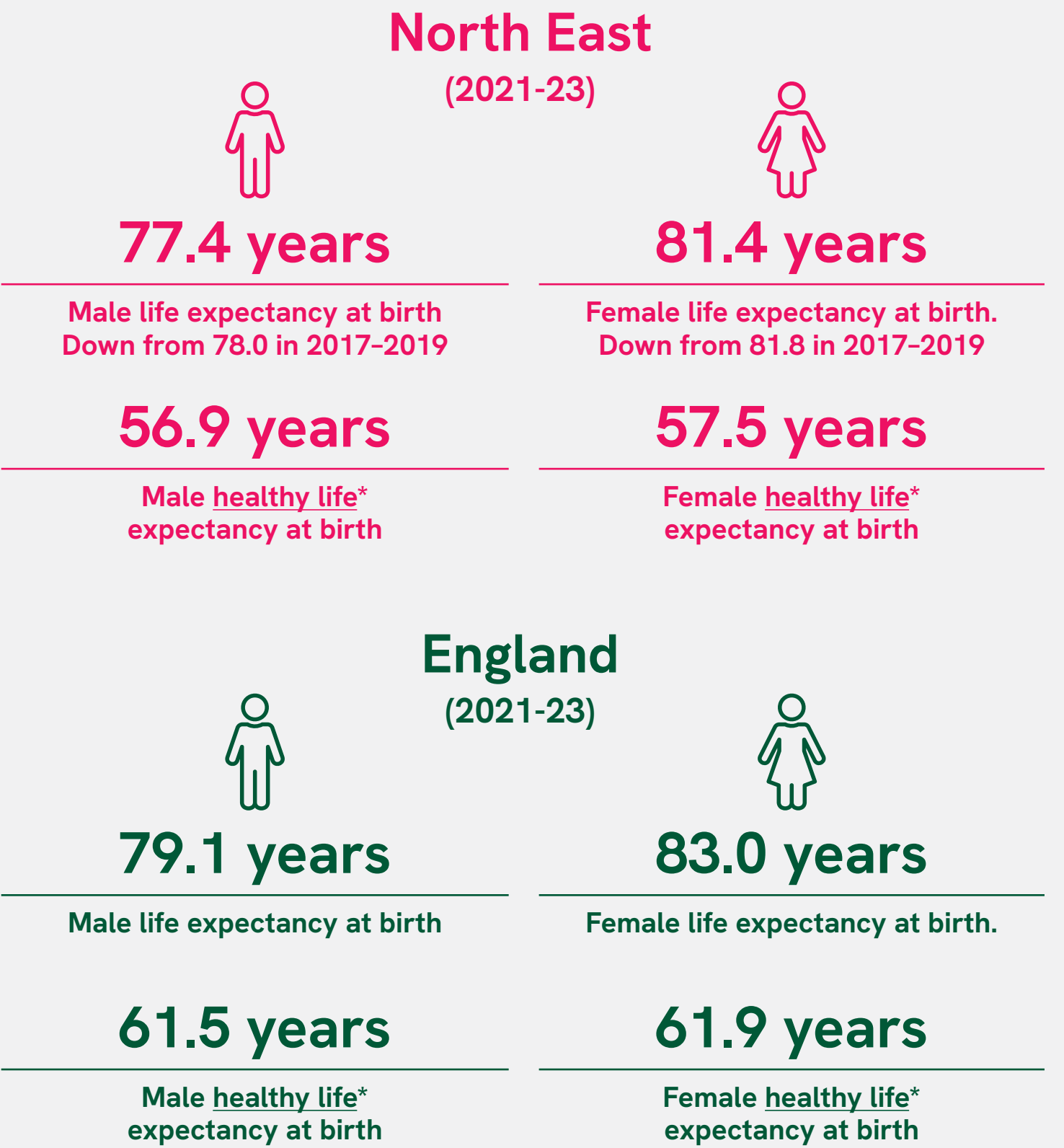
41 adults would be in full-time employment
14 would be in part-time employment
3 would be unemployed
20 would be of working age and economically inactive
22 would be older than working age and economically inactive



Health and Quality of Life

While life satisfaction varies across local areas, the region has consistently reported lower levels of average wellbeing. Tackling health inequalities is essential for supporting individuals into work and improving life outcomes.

The North East remains the region with the lowest life expectancy in England



*Healthy life expectancy is the number of years people can expect to live in good health.

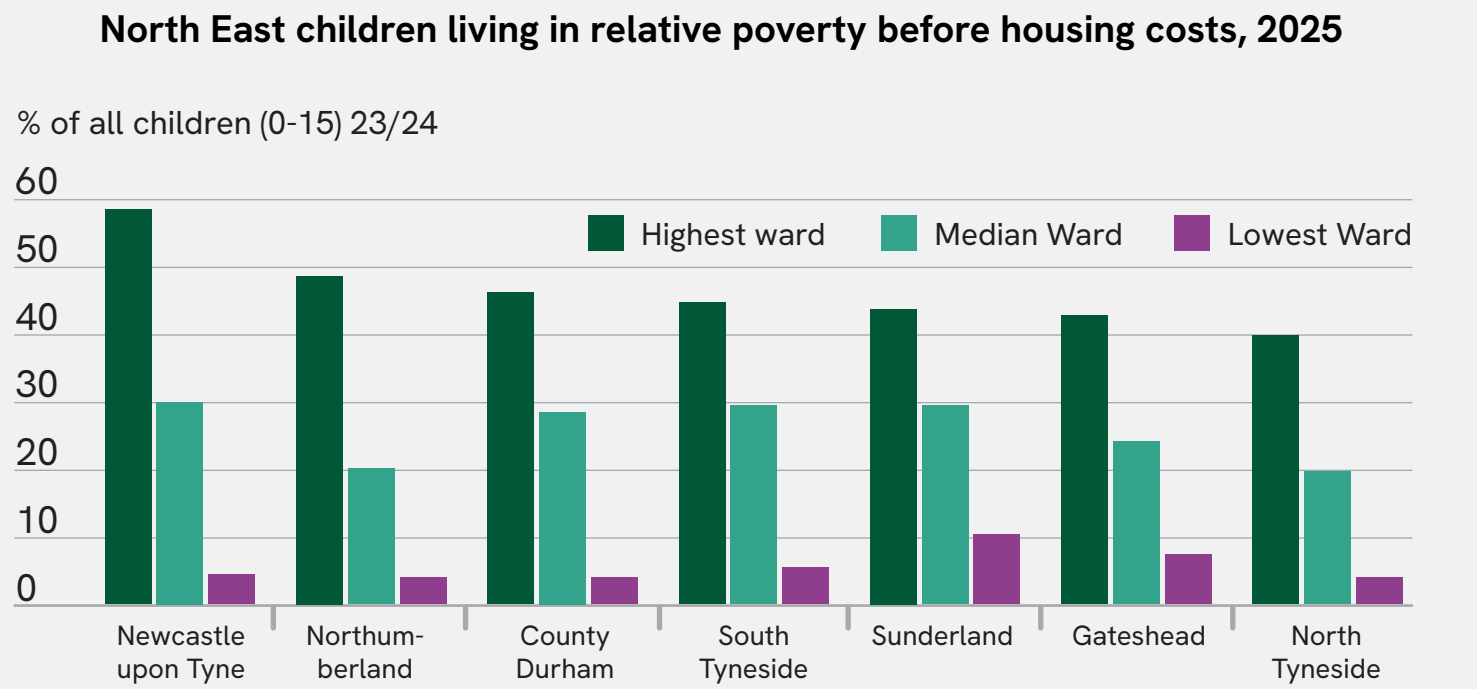
Local Growth Plan:

Our People

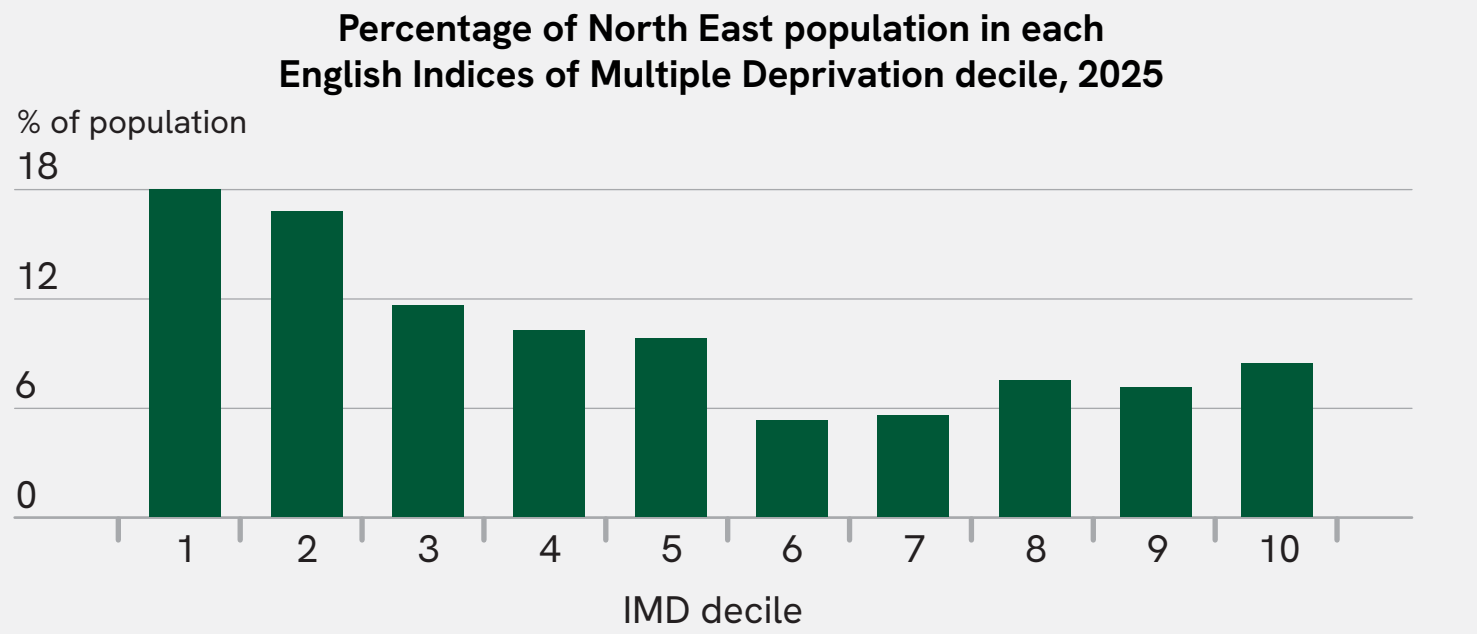
Inclusion and Deprivation

The region has a higher proportion of children living in low-income households than the national average, particularly after housing costs. Nearly **35% of North East residents live in the two most deprived deciles**, showing a higher concentration of deprivation in towns and post-industrial communities.

The North East has some of the highest child poverty rates in England

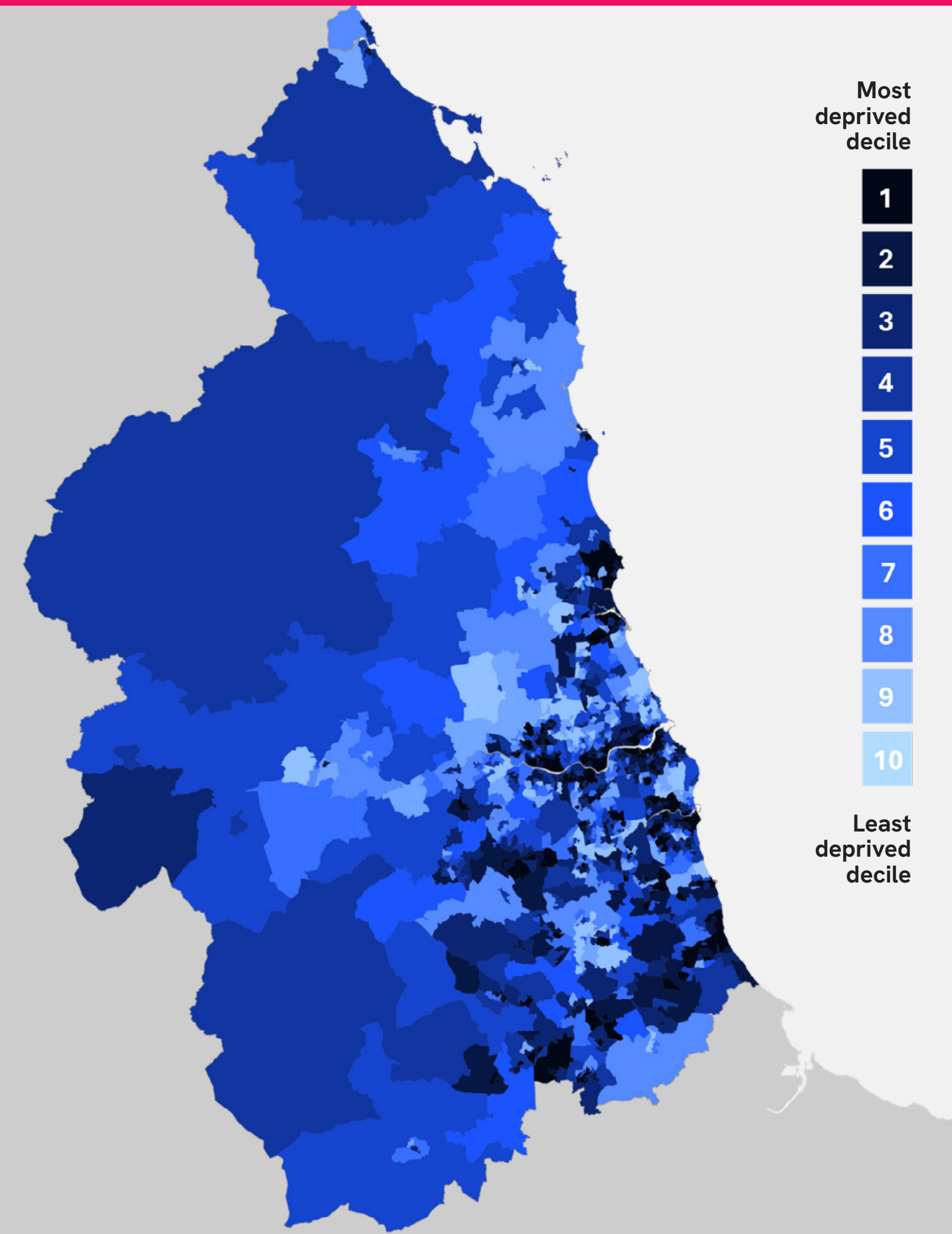


Nearly 20% of people live in the most deprived small areas

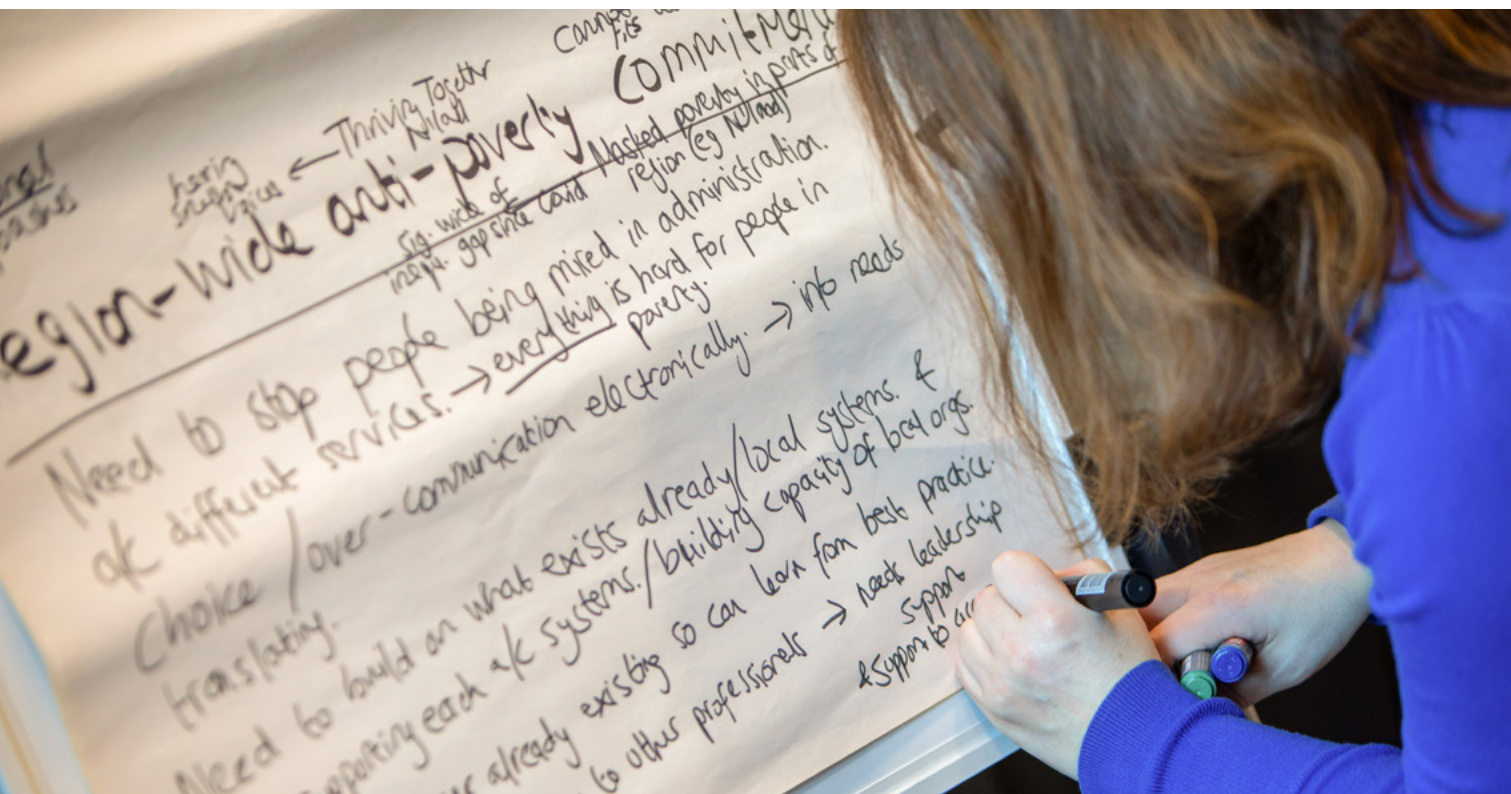


English Indices of Multiple Deprivation (IMD)

This map shows the English Indices of Multiple Deprivation (IMD) of each Lower Super Output areas (LSOAs) across the North East. The deeper colours reflect the LSOAs in the most deprived deciles (1 and 2). English Indices of Multiple Deprivation is a measure of relative deprivation used to identify areas of low and high deprivation.



Maps contains data from the Office for National Statistics licensed under the Open Government License v.3.0 and Ministry of Housing, Communities and Local Government



Next Steps in the Local Growth Plan

- Strengthen skills, training and retraining opportunities
- Remove barriers to employment and support those out of work due to poor health
- Target investment to reduce inequalities across communities
- Improve wellbeing, life chances, and quality of life across the region

Local Growth Plan:

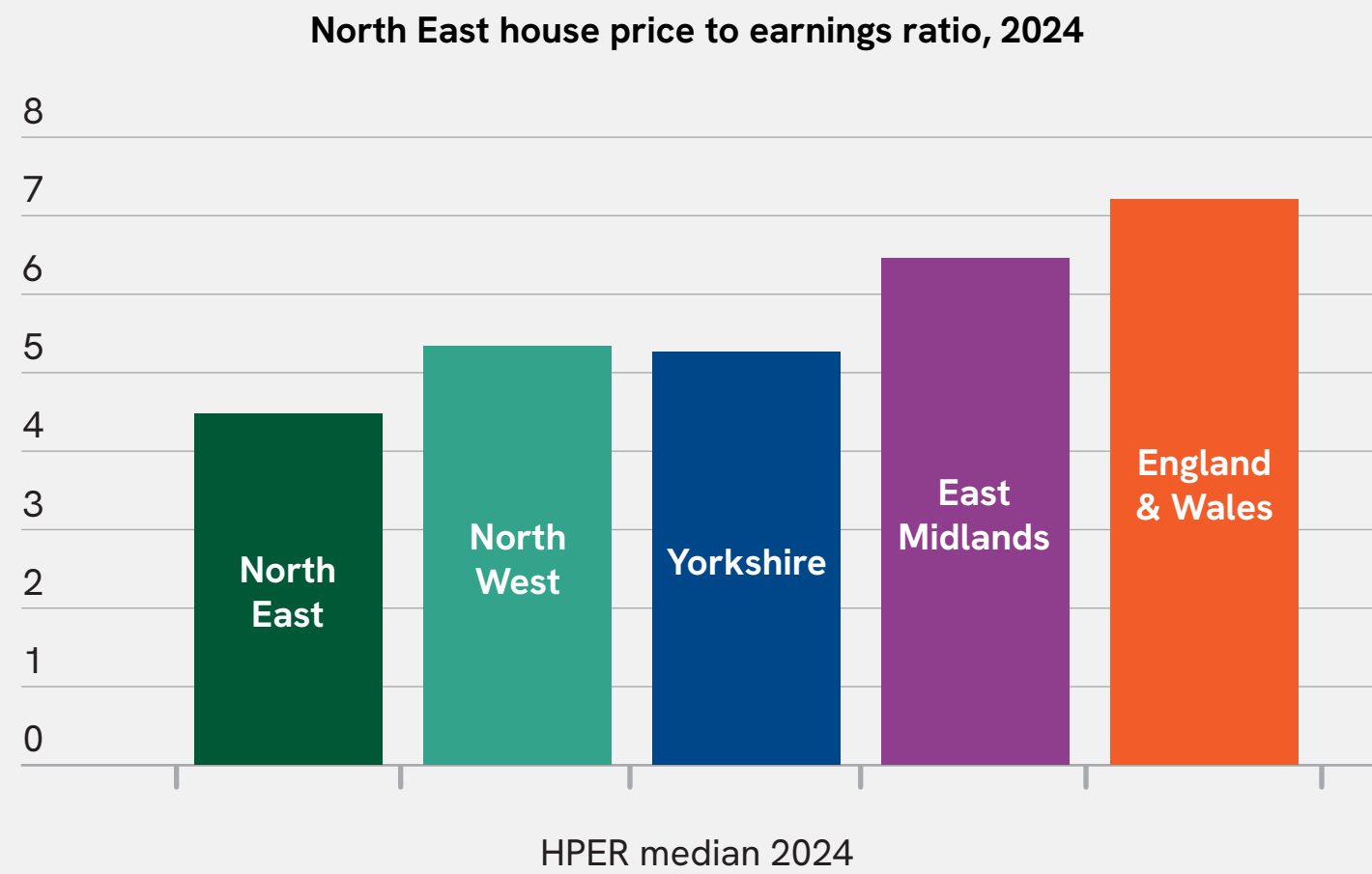
Place

The North East spans a diverse geography, including National Parks, rugged coastlines, vibrant cities, historic towns and agricultural communities. This presents opportunities in attracting tourism and strengthening our cultural and heritage attractions, but also reliant on a well-functioning transport network.

Housing

The North East has the lowest house price to earnings ratio of all English regions, making housing relatively more affordable. However, affordability varies within the region.

The North East has the most affordable housing in England



Transport

Some communities face a higher risk of transport-related exclusion, particularly in rural and coastal areas.



Rural

The region includes extensive rural and coastal areas, with varied economic activity and a high proportion of employment in agriculture, tourism and small businesses.



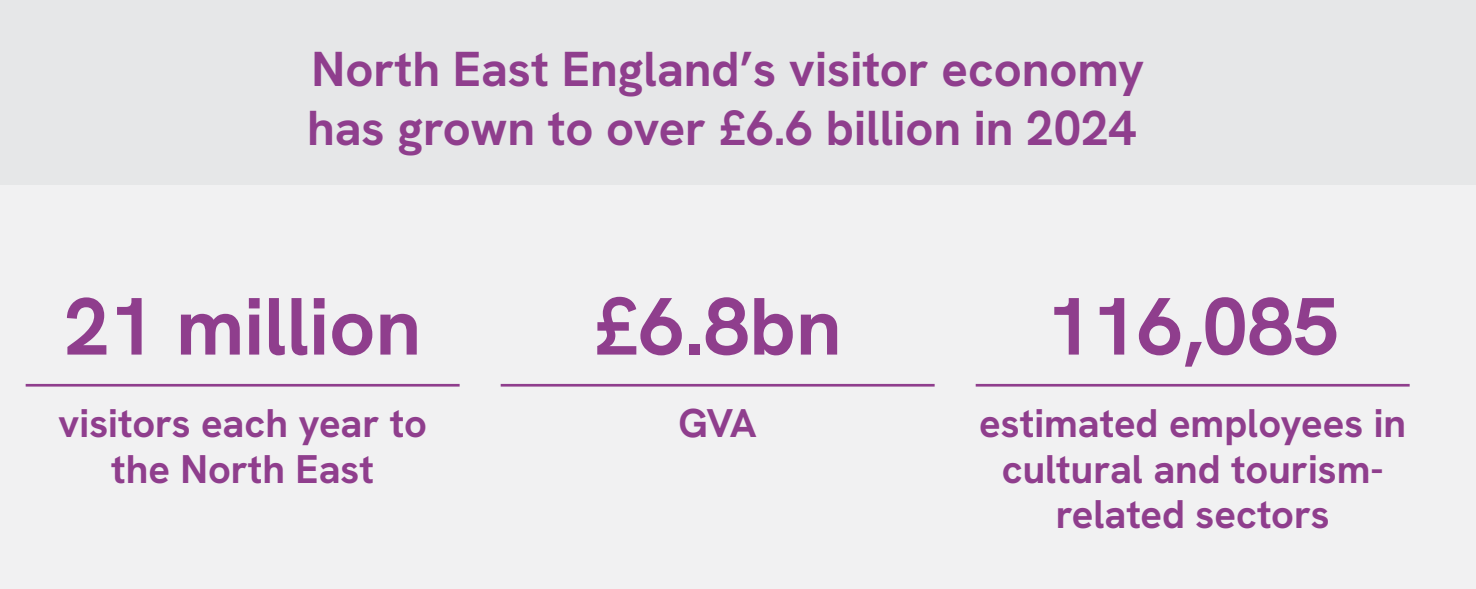
Climate and environment

There are significant renewable energy assets, including offshore wind, and large areas of protected natural environment. Investment in climate adaptation and resilience is ongoing across the region.



Culture and tourism

The region has a strong cultural offer, historic towns and cities, coastal destinations, creative industries and major events.



Next Steps in the Local Growth Plan

- Support delivery of affordable and sustainable housing across communities
- Strengthen climate adaptation, renewable energy investment and environmental resilience
- Improve transport connectivity and reduce the risk of transport-related exclusion, especially in rural and coastal areas
- Enhance the region's cultural offer, visitor economy and heritage assets
- Support the growth of rural and coastal economies.

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Creating Real Opportunity

The North East Local Growth Plan

2025-2035



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Foreword

North East Mayor Kim McGuinness

We are making the North East the home of real opportunity, a region where everyone can thrive.

This 10-year plan sets out my vision to create tens of thousands of new good jobs for local people as we grow our economy, empower business and raise living standards. This means maximising growth where the North East has unique advantages and expertise – including in green energy, automotive, AI and the creative industries – whilst also backing SMEs and the foundational economy.

As the first North East Mayor I will unlock world-class opportunities and build inclusivity into every element of our economy, ensuring that – even as our trailblazer region contributes ever more to the UK's economic success – we do so in a manner that improves lives for all.

Within 10 years we will have made substantive progress against our five key missions:



Home to a growing and vibrant economy for all

Thousands more good jobs will have been created, contributing to higher levels of employment and rising take-home pay.



Home of the green energy revolution

The North East will be at the forefront of investment in green energy, as we once were for coal, employing tens of thousands of skilled people in long-term secure careers.



A welcoming home to global trade

We will hold a new place on the world stage as a place where our skilled, hard-working people make innovation thrive. We will exceed national average levels of foreign direct investment and attract many more international visitors.



Home of real opportunity

Every child will have access to opportunity, while we will also have seen an improvement in skills, digital inclusion and health outcomes, alongside a reduction in child poverty. This will be underpinned by world-class transport links connecting people to jobs.



A North East we are proud to call home

More affordable and social homes will have been built, alongside a world-class integrated transport system – the Angel Network – connecting people to jobs and training opportunities seamlessly.



The North East has huge potential, and I will be the mayor who delivers for all our brilliant people and businesses.

I'll ensure we build on our strong track-record of attracting investment and public-private partnerships to bring further jobs into our great North East, putting this region back on the world stage.

Executive summary

North East England is a land of energy and creativity. It is the home of a £54 billion economy well-placed to power UK growth and energy security – and the people of the North East already power world-class businesses such as Nissan, Sage Group, P&G, Low Carbon Materials and SMD. Going forward, we have an ambitious Plan to make the most of our sectoral strengths and strategic location at the heart of the country facing the North Sea. Driving new investment in green jobs, and continuing the rapid growth of the screen, music and publishing industries. In 2025 we founded an AI Growth Zone with the UK Government which has already attracted more than £10 billion investment from leading tech firms.

Opportunities for all are at the centre of our approach. We'll create an economy that works for everyone across the whole region, delivering sustainable growth. For too long, this has not been the case, resulting in rates of low pay, child poverty among the highest in the country and relatively low rates of female employment in some of our key growth sectors.

Our approach is rooted in a deep understanding of what makes the North East unique. Most of all this is our people: we are inspired by the energy, pride and welcome our increasingly diverse communities offer. We live in a diverse geography spanning rural, coastal and urban centres; we have a track record of manufacturing excellence and reinvention, including in our offshore energy cluster; we boast a growing service sector economy led by innovators such as Atom Bank, while culture comes to life at our three World Heritage Sites, two top-flight football teams, a National Park and National Landscape and the internationally recognised Beamish Museum and The Glasshouse.

We have identified those sectors where the North East has economic strengths, assets and opportunities. These areas will be integral to the UK's future international competitiveness and we are working with Government, including the Office for Investment, to unlock their potential.

This includes opportunities in:



Offshore wind and energy transition



Advanced manufacturing including electric vehicles



Creative industries and content



Life sciences, pharmaceuticals and process industries



Tech, digital and AI



Defence, security and space



We also recognise that the prosperity and success of the region depends on a much wider set of interventions: investing in skills through our New Deal for North East Workers, tackling child poverty, reducing the digital divide, improving housing and creating a better transport system. We will take forward our Local Growth Plan ambitions through innovation, creativity and partnership – we will focus delivery capacity and set out detailed plans in each key area.

The Plan has been developed by the Combined and Local Authorities with the support of partners from across the business, education, voluntary and community sectors. All are critical to the region's success.

Our region

The North East powered the industrial revolution, through its natural resources, engineering excellence and strategic transport links. Today we are paving the way to new revolutions in renewable energy generation and AI, and in growth opportunities spanning from the life sciences to the digital and creative industries.

We have left the past behind. Our modern industrial heritage is based upon a skilled and committed workforce. At Nissan and its supply chain they produce in every 3 cars built in the UK, while at Sage Group they lead the country's largest software company.

But shipbuilding and coal has left a physical infrastructure we can harness as sites for this new revolution: our industrial ports servicing offshore wind, and datacentres being built here where power stations and smelters once stood.

Yet our residents and businesses are still held back by an economy punching below its weight in terms of skills, productivity and GVA.¹

¹ Detailed evidence base available at: <https://evidencehub.northeast-ca.gov.uk/>

By unlocking the potential of our people through increased skills, better and more employment, and improved health outcomes, we can increase productivity and help drive the UK's Growth Mission.

This will mean delivering sustained, long-term, public and private investment to support growth that delivers for our residents, communities, industry and the national economy. Our Investment Zone is already landing major inward investors, and we can do more to help deliver the Government's Industrial Strategy.

We are committed to driving economic growth that delivers for all our residents, including supporting our public services and strengthening our foundational economy.

Our Local Growth Plan will create opportunities and communities that our residents will both contribute to and benefit from. We are taking an integrated approach that recognises the inter-relationship between reducing child poverty, improving household incomes and raising healthy life expectancy, and increasing productivity.

Building on our assets and opportunities whilst responding to our challenges



A diverse geography
with three cities, many vibrant towns, and extensive rural and coastline communities.

2 million inhabitants.

55,000 businesses
providing 860,000 jobs.

4 universities, 9 FE colleges and other exemplar skills provision.

A £54 billion economy
at the heart of the UK union.

Low unemployment by historic standards
but rising levels of health-related inactivity.



3 deep-water ports,
riverside assets, and an international airport providing onward connectivity via Paris, Amsterdam and Dubai.

New Combined Authority,
with strong political leadership and already delivering and innovating.

Outperforming
the national average for attracting inward investment.

Second largest Mayoral Combined Authority by area.

An economy punching below its weight
– with skills, productivity and GVA behind national averages. Closing the gap will benefit regional residents and economy, as well as UK plc.

Metro – the UK's original modern light rail system – operates nearly 50 miles of track, connecting Newcastle, Gateshead, North Tyneside, South Tyneside, and Sunderland. Complemented by the successful introduction of the **Northumberland Line**.



Excellent connectivity to rest of UK
via East Coast mainline and strategic road network including A1, A19 and A69.

Vibrant VCSE sector, with around 30,000 employees and unparalleled expertise of communities.

Distinctive cultural and visitor economy offer:
over 300 miles of coastline, two UNESCO World Heritage Sites, Northumberland National Park, historic castles and cathedrals, leading football teams, an international cricket ground, and diverse and distinctive cultural venues.

The North East as 100 people

If the North East had a population of 100 people...

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Sex



51 would be female
49 would be male

Age



17 would be children (under 16)
17 would be aged 16 to 29
19 would be aged 30 to 44
27 would be aged 45 to state pension age
20 would be of state pension age (66+)

Ethnicity



91 would be white British or similar
4 would be Asian or Asian British
2 would be white and non-British
1 would be Black or Black British
1 would be mixed or multiple ethnic groups
1 would be from another ethnic group

Disability



71 would neither be classified as disabled
or have long-term health problems
22 would be classified as disabled
7 would have long-term health problems
but not be classified as disabled

Sexual orientation



91 would be heterosexual or straight
2 would be gay or lesbian
1 would be bisexual or of another sexual orientation
6 would be non-respondents

Geography



26 would live in County Durham
16 in Northumberland
16 in Newcastle upon Tyne
14 in Sunderland
11 in North Tyneside
10 in Gateshead
7 in South Tyneside

Positioning the North East to respond to major global trends

Over the 10-year duration of our Local Growth Plan, we expect to see major changes at the national and global level.

Here we have identified some of the major trends that will impact our region, and how the Growth Plan positions the North East to respond and thrive.

Technological

- Automation and digitisation
- Artificial Intelligence (AI)
- Biotech advances for healthcare and agri-tech
- Addressing the “digital divide”

Advances in technology are changing the way we work. New tools can help to increase productivity and efficiency, boosting pay and living standards, if we have the right training and skills in place and a supportive environment for businesses to invest and upskill their workforce. Our region will play a key role in the development of future tech, building on our existing strengths in advanced manufacturing but transformed by the creation of an AI Growth Zone forming a cluster around some of the world’s most powerful computing power. This Plan will help to put the infrastructure in place across the region to ensure that the opportunities unlocked by technology are accessible to all of our residents.

Economic

- Supply chain resilience
- Post-Covid trends in working and travel
- Global trade and competition for investment
- Energy and National Security

Global supply chains are being reshaped by rising trade protectionism, and businesses are seeking opportunities to increase supply chain resilience and new trading arrangements following the UK’s exit from the EU. Climate change presents a threat to future economic stability and the rise in remote and flexible working will continue to impact the way we live, work and travel. North East industry currently plays an important role in supply chains critical for national security, and our Plan will help to strengthen our position and capture new investment. Our plans will also help to deliver new housing developments, supported by better public transport and the regeneration of high streets and town centres, creating new jobs in high-growth sectors.

Social

- Poverty and inequality
- Rising cost of living and childcare
- Health and wellbeing
- Impacts of child poverty

Creating opportunities for all means addressing levels of poverty, inequality and digital exclusion. These issues also pose a significant risk to realising the region’s growth potential. Our plan seeks to build inclusivity into every element of our economy in a manner that improves lives for all. We are also committed to a programme of public service reform to improve outcomes for families and communities. The combined impact of our interventions will help lift children out of poverty, increase opportunity, narrow the gender pay gap, and reduce costs for residents re-entering the workforce.

Environmental

- Climate change – adaptation and mitigation
- Carbon and nature markets
- Clean energy generation and supply
- Agriculture and land use

The global effects of climate change and the transition to Green Jobs will be one of the defining challenges of the next two decades. Our region has shown a commitment to innovation and resilience, taking a lead on the production of offshore renewables, electric vehicles and batteries. In addition to accelerating these trends, future opportunities lie in the electrification of the wider economy, the delivery of a £1 billion+ North East heat network pipeline, and in using our strengths in research to develop new solutions, such as agritech. Our Plan identifies a pipeline of projects to accelerate decarbonisation, growing our North East Carbon and Nature marketplace, alongside our investment into coastal and rural communities.

Delivering on our missions

Our Local Growth Plan has been developed so that we make substantive progress against our missions over the next 10 years. These set clear, long-term, goals that contribute to a bold vision of change. The overall aim of these five interrelated missions is to increase opportunity, create more well-paid

employment, improve transport connections, build a greener and fairer North East, and reduce child poverty.

The Combined Authority's Cabinet will oversee delivery, with the Business & Economy Board

playing a key advisory role. We will work creatively with Government, businesses, investors and the VCSE sector to unlock growth and opportunity across the region, making the most of our once-in-a-generation investments.

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Home to a growing and vibrant economy for all

We will support businesses to create jobs across the North East. We will ensure people have the skills to access work and provide the right conditions for economic growth. We will ensure support and investment across a wide range of economic drivers: from advanced manufacturing to digital and the cultural sector, from skills training to good transport.



Home of the green energy revolution

We will grasp the opportunity that green energy presents to the North East. Not only will this transform our economy, creating thousands of jobs and reducing carbon emissions, we'll build the new technologies and solutions needed for the UK to decarbonise too.



A welcoming home to global trade

The North East is an exporting powerhouse and the region will build on that global reputation to maximise international opportunity. We will secure more global investment, create the environment for sustained business growth and increase our export output, including a focus on our cultural exports.



Home of real opportunity

We will work to create opportunity for all, ensuring inclusive growth and good public services are spread across the North East. Our region is a great place to live and work, but too many people face challenges to success. We will implement policies which help to overcome those challenges - including skills training, digital inclusion programmes and support for children and families.



A North East we are proud to call home

Where we live matters. The people of the North East are rightly proud of their local identity and want services and policies that support them to live here. The North East Combined Authority delivers the strategies and programmes that help make this happen. From better transport to more social housing, from a thriving creative economy to sustainable rural communities, this Mayoral Combined Authority will deliver in a way that aligns to the priorities of local people.



Our shared priorities with Government



Skills and employment

Increasing levels of employment and strengthening the technical skills base, helping residents to progress into or increase participation in the workforce and supporting people into better employment opportunities.

This includes:

- Improving the integration of skills, health and employment programmes to provide more effective and more personalised support, including to help people progress into opportunities in key growth sectors;
- Developing a robust evidence base, in conjunction with employers and providers, to anticipate and respond to changing skills demand from new jobs growth and the changing skills needs of people and roles; and
- Working with employers to boost in-work training and good employment.

This would deliver a more joined-up approach to employment and skills that addresses workforce challenges, provides a talent pipeline for key growth sectors, and improves opportunities for all.

Innovation

Increasing business creation and growth in the region, including by increasing the concentration of businesses innovating and those with the potential to scale-up or export.

This includes:

- Improving the support available to businesses, including the availability of early-stage funding for highly innovative businesses and entrepreneurs;
- Collaborating with Universities for North East England to increase spinouts and improve commercialisation, adoption and diffusion of innovation and research; and
- Developing a joint strategic approach to identify and secure a balanced mix of energy-intensive industry in the North East, improve “last mile energy connectivity” to employment sites, and ensure energy availability is not a barrier to the region’s ambitions for industrial growth.

This would help to boost productivity in key growth sectors and provide improved employment and career progression opportunities across the region.

Transport

Improving transport connectivity to create a green, integrated transport network that works for the movement of people and freight, supporting access to wider employment, learning opportunities, and essential services.

This includes:

- Identifying further opportunities to increase rail and Metro coverage, capacity, and resilience, which could include improving connections to Washington and County Durham;
- Unlocking housing development and commercial activity by ensuring new developments are well supported by the public transport network and addressing pinch points on the road network; and
- Connecting key employment sites to the sustainable transport network and improve freight transportation between key locations such as the ports and the airport.

This would attract inward investment and expand the available talent pool for business to boost productivity in key sectors, supporting inclusive growth by better connecting communities with opportunities.

We have current investment opportunities of more than £14 billion, including in:



Offshore wind and energy transition

Current state

About 1,000 renewable energy companies have North East sites, with an estimated 25,000 staff.

Comparative advantage

9% of the UK's offshore wind businesses are located in the North East.

Recent / projected growth

Aim to grow the regional renewables workforce to 50,000 by 2035.



Advanced manufacturing including electric vehicles

Current state

3,900 businesses in advanced manufacturing employing 67,000 people.

Comparative advantage

44% of England's employment in battery and accumulator manufacturing.

Recent / projected growth

Employment in battery and accumulator technology has more than doubled since 2015.



Creative industries and content

Current state

Around 50,000 jobs in the wider region's creative industries.

Comparative advantage

Film and TV production spend is up 131% in recent years, while music tourism generated £364 million in 2024.

Recent / projected growth

67% jobs growth in the wider region's creative industries in past decade.



Defence, security and space

Current state

£1.75 billion turnover and 5,300 jobs across defence and the fast-growing space cluster.

Comparative advantage

One of the largest and longest-established defence clusters, with links to space and digital.

Recent / projected growth

UK defence sector expected to grow by 50% over next five years.



Life sciences, pharmaceuticals and process industries

Current state

8,000 employed in life sciences in the North East CA area.

Comparative advantage

Around 10% of England's employment in pharma manufacturing – about 3,800.

Recent / projected growth

Value of pharma exports 2.4 times higher than a decade ago.



Supporting growth across our region, including our rural and coastal economies

Current state

Rural and coastal areas account for almost a third of regional GVA across a broad range of sectors.

Comparative advantage

3,000mi² producing distinctive and world-class food and drink; opportunities in carbon markets.

Recent / projected growth

Opportunity to be a rural innovation trailblazer.



Tech, digital and AI

Current state

About 45,000 jobs in the wider region's digital sector, with 8,400 employees in broad AI sectors.

Comparative advantage

7% of UK employment in computer manufacturing outside the South East.

Recent / projected growth






37% digital jobs growth in past decade; advanced digital skills are critical to all sectors.



£14 billion
Investment
Opportunities

Our plan on a page

Our approach is based on unlocking the potential of the North East's economic strengths and assets, whilst simultaneously ensuring that we are creating opportunities for all. The table below identifies our key programmes and their contribution to our missions.

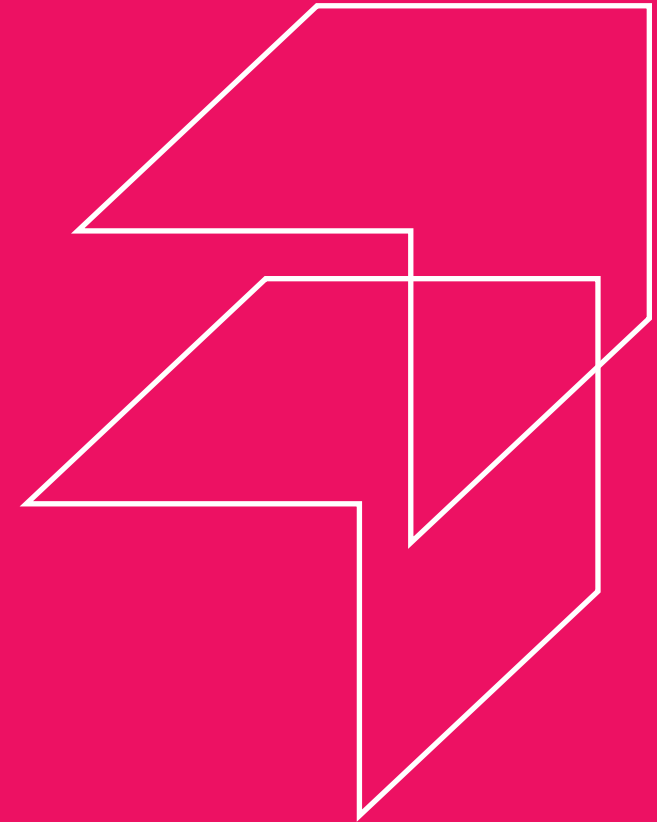
	Creating strong foundations and transforming communities	Maximising our economic strengths
 Home to a growing and vibrant economy for all	<ul style="list-style-type: none"> ▪ Innovation and business dynamism ▪ Digital North East 	<ul style="list-style-type: none"> ▪ Creative industries and content ▪ Tech, digital and AI ▪ Knowledge intensive professional services ▪ Life sciences, pharmaceuticals and process industries
 Home of the green energy revolution	<ul style="list-style-type: none"> ▪ Green jobs and warm homes 	<ul style="list-style-type: none"> ▪ Offshore wind and energy transition
 A welcoming home to global trade	<ul style="list-style-type: none"> ▪ Investment and trade ▪ Infrastructure and key sites 	<ul style="list-style-type: none"> ▪ Advanced manufacturing including electric vehicles ▪ Defence, security and space
 Home of real opportunity	<ul style="list-style-type: none"> ▪ Skills and qualifications ▪ Economic activity, health and wellbeing ▪ Tackling child poverty 	<ul style="list-style-type: none"> ▪ Foundational economy including hospitality, health and social care
 A North East we are proud to call home	<ul style="list-style-type: none"> ▪ Better housing ▪ Green Transport which works for all 	<ul style="list-style-type: none"> ▪ Visitor economy ▪ Rural and coastal businesses

Mission 1

Home to a growing and vibrant economy for all

We will help businesses create jobs and opportunities in every community across the North East. We will ensure women and men have the skills to access work and provide the right conditions for economic growth. We will secure support and investment in a wide range of economic drivers: from advanced manufacturing to the cultural sector, from skills training to good transport.

This focus will see the Mayoral Combined Authority work with our businesses, universities, and the research and innovation catapults to unlock higher levels of R&D and innovation funding, and to ensure the region transitions to a digitally-enabled economy that supports people in employment. We will ensure economic growth reaches all parts of the North East, with targeted support for rural and coastal areas.



Supporting business growth

The North East is home to a dynamic and diverse business community, with around 55,000 firms spanning industries as diverse as manufacturing to software engineering. The region benefits from a large base of SMEs, working alongside nationally-leading large businesses – including Caterpillar in Peterlee, Sage Group and the country's favourite baker, Greggs.

With 4 universities and 9 national Catapults and innovation centres, we can offer world-leading research expertise and a pipeline of STEM talent to support new investment in R&D.

Success over the next 10 years means ensuring that all the factors for business success and investment are in place – from skills to sites, and innovation to finance.

Increasing investment, innovation and business dynamism

The North East has low rates of private sector R&D and innovation reflecting weaker adoption and diffusion of technologies in the region. A reboot is needed to raise levels from a low base, and to increase business start-ups and scale-ups across the board.

Business investment and innovation are fundamental determinants of economic growth, helping firms remain competitive through the development of new facilities, products and processes. To be successful, the North East – like the UK as a whole – needs to increase levels of investment and export-led growth.

- We will accelerate the rate of innovation and R&D activity through an Inclusive Innovation Deal and Action Plan. This will include working with Innovate UK, UKRI, our regional universities and Catapults to drive business R&D and investment.

- The introduction of Universities for North East England provides new opportunities to harness the collective strengths of the universities; including to increase spin-outs and improve commercialisation, whilst supporting wider adoption and diffusion of innovation and research.
- We will build on current delivery to support entrepreneurs, micro businesses, and SMEs to scale up, and larger businesses to participate in R&D to grow.
- We will provide businesses with a clear framework of business support, including digital adoption, product and process innovation.
- We will promote opportunities to improve access to finance for businesses across our region, particularly for those groups underserved at present.
- We will work with the Government to develop regional investment mechanisms, including via the National Wealth Fund.
- And we will ensure that we have an attractive pipeline of locations for businesses to grow, including in our leading innovation districts, including Newcastle Helix and NETPark.



North East Investment Fund

The Combined Authority is investing £70 million to create a new North East Investment Fund. This will help to provide regional businesses with the finance they need to start and to grow - unlocking growth, building confidence in our SME base, turbo-charging university spin-outs and ensuring that the region is a great place to scale a business. The Combined Authority's investment will be re-cycled multiple times and it is anticipated that £390 million will be invested in regional SMEs over 15 years, including private sector co-investment of £170 million. As a result, the funds will support a minimum of 470 regional businesses with over £300 million of investment needed to innovate and grow and will support the creation of 2,300 jobs.

This needs to be about boosting productivity and growth in our business base, as well as increasing the stickiness of inward investment.



Success also means ensuring that we are able to unlock the potential of all our economic strengths and assets.



Creative industries and content

A growing strength with Crown Works Studios representing a step change for growth and potential

Building from a strong base

- There are around **50,000** people employed in the wider region's creative industries - about 5% of the region's total jobs.
- Over the past ten years jobs in the sector grew by 67% – the largest increase in the UK.
- Between 2021 to 2022, GVA by the creative industries grew in all regions, with the largest growth seen in the North East (23.8%)
- Strong partnerships with **BBC** and **North East Screen**.
- Established expertise in creative-digital sector including video games development, E-Sports and immersive technologies.
- Cultural hubs and shared work-spaces across the region, supporting entrepreneurship and wider engagement, including the forthcoming Culture House in Sunderland.
- Areas of **growth** have included screen industries, software development, music and other creative content generation.
- Capitalising on our strong and varied cultural foundations, helping to grow and showcase talent, and drive collaboration and a space for R&D.

Priorities

- Crown Works Studios is a **£450 million development** which will be one of the largest studios in Europe with 20+ sound stages.
- **Centre for Writing**: major investment which will attract publishing and other businesses, and develop local talent.
- Establishing the North East as a **centre for music**, supporting new musicians, the music industry and the visitor economy.
- Ensuring a **pipeline of diverse talent** with opportunities for women in traditionally male-dominated roles. Whilst creativity skills are also essential to other sectors.
- Delivering **sector-specific support and access to finance**, helping our creative businesses and practitioners to sustainably grow.
- Developing a '**Creative Catalyst**' to unlock private investment, whilst working with DCMS to maximise the impact of their investments.
- Ensuring our region is seen as a 'home of opportunity' by growing regional approaches to widening engagement and participation.
- Developing our creative industries through support for creative place-making, including at Gateshead Quays and the Baltic Business Quarter.

Scale of opportunity

- Potential for **£1.3 billion** annual GVA boost from the North East's creative industries by 2030.
- Crown Works Studios has the potential to create over **8,000 jobs**.





Tech, digital and AI

Evolving cluster formation at the intersection of strengths in critical future technologies.

Building from a strong base

- The digital sector contributes around £2.4 billion to the regional economy and employs 45,000 people in the wider region. With leading businesses including Sage Group, Opencast, Scott Logic and Aspire.
- **Established and emerging specialisms** in games development including E-Sports, software development, data analytics, immersive technologies, 5G innovation, e-commerce, fintech, cybersecurity and consultancy.
- **Research expertise** within the universities, National Innovation Centre for Data, Northumbria Centre for Responsible AI, Edge AI Hub, Hartree Centre, Catapult centres, and Proto in Gateshead.
- **Major UK Interconnection Hub** at Stellium Data Centre connecting the USA, the Nordics and Mainland Europe. It is home to the newest internet exchange point and offers some of the lowest latency in the UK to the world's major hubs.

Priorities

- Supporting development of **skills – both higher-level and technical specialist – and innovation expertise**, critical to maintaining the high growth rate of the sector.
- Diversifying the talent pool to ensure women and other under-represented groups have employment opportunities.
- The **Hyperscale Data Centre Campus** in Northumberland - £10 billion project covering a 300-acre site with infrastructure supporting AI and machine learning workloads.
- Supporting rapid growth of the **AI-driven economy**, convening and co-ordinating a well-established **AI ecosystem** to implement the AI growth zone.
- Exploring and developing further **large supercomputer projects**.
- Building on 5G Innovation Region status and expertise, including expertise in autonomous transport.

Scale of opportunity

- Potential for £30 billion of private investment in the AI Growth Zone and over 5,000 new jobs, with associated investment in skills, innovation and SME growth.



Delivering our digital ambitions

Growing the digital economy is an important part of the North East's digital programme, which has been designed to make sure that:

- All residents benefit from the digital revolution, with investment in digital inclusion and connectivity.
- Economic growth is both accompanied, and underpinned, by investment in skills.
- The region utilises its innovation expertise to drive growth and opportunity.

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Digital Innovation

We will support the deployment of advanced connectivity technologies (ACT) to position the North East at the frontier of technological advancement.

Digital Talent

We will help train the next generation of technical professionals and everyday users through our adult skills fund, skills bootcamps, and other courses and initiatives.

Digital Inclusion

We will work with regional partners to deliver a Minimum Digital Living Standard, aimed at tackling digital exclusion by providing targeted digital support to those most affected by poverty, disability, unemployment, and social isolation.

AI Growth Zone

We will use the North East's AI Growth Zone to create economic opportunities, improve public services and raise living standards. Anchored by two major data centre campuses at QTS Cambois in Northumberland and Cobalt Park in North Tyneside the zone is set to create over 5,000 jobs across AI, data engineering, construction and research and unlock £30 billion in private investment.

Digital Economy

We will support the growth of the digital economy by creating and supporting initiatives to improve infrastructure, supporting cyber resilience and promoting growth.

Digital Connectivity

We will help to improve access to high-speed internet (fixed and wireless) for homes, businesses and visitors across the region, especially for underserved communities.

Digital Adoption

We will support SMEs to adopt digital technology to improve productivity and efficiency.





Supporting growth of our knowledge-intensive professional services

A growing part of our economy with businesses based across the region

Knowledge-intensive professional services

Employment in the North East's knowledge-intensive professional services (KIPS) has increased by 19% in the last five years. That is more than twice the rate of growth for England outside of London.

This sector includes: legal, financial, real-estate, ICT and professional/scientific services. With strong links to Government departments and agencies, including HMRC, DWP and BSA.

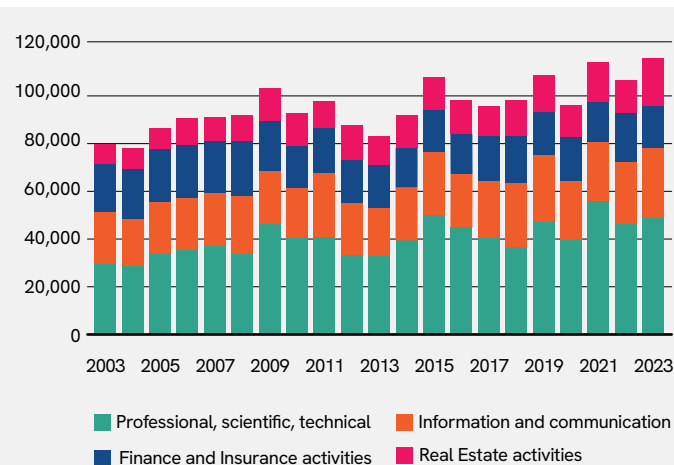
There are **114,000 jobs** in companies engaged in professional, scientific and technical activities, ICT, finance and property. This accounts for just over 13% of all employment – similar to the average across the North and Midlands.

The universities are critical to meeting the **increasing skill needs** of this sector, with the business schools also providing the management and leadership training proven to support growth.

Going forward, we expect to see further jobs growth from these sectors, whilst recognising that paradigm shifts e.g. automation/AI will create changes to the nature of employment and risks/opportunities.

Priorities

- Ensuring that there is a **strong and diverse talent pipeline**, with opportunities for women in traditionally male-dominated roles.
- Retaining more of the **graduates** from the region.
- Promoting opportunities for service-sector led **export growth**.
- Responding to changes in the sector arising from new technologies, including **AI**.
- Supporting growth of service-sector **exports**, including through deeper international linkages.



North East employment in KIPS businesses





Life sciences, pharmaceuticals and process industries

A growing cluster with large established businesses, high potential spin-outs and a leading research base.

Building from a strong base

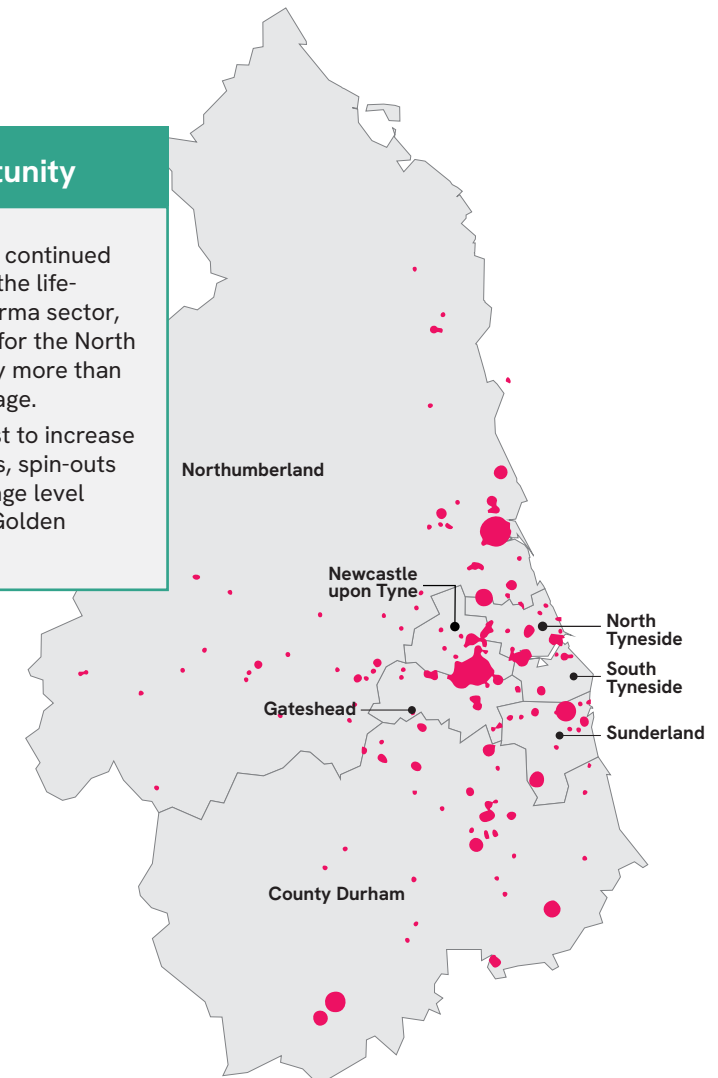
- One of the UK's largest **pharmaceutical clusters**, along with strengths in MedTech and process industries.
- **Major companies** include GSK, Organon, Sterling Pharma, Accord, Thomas Swan, AkzoNobel and P&G. These are not only major employers but also significant exporters.
- The value of North East pharma **exports** has more than doubled over the past decade.
- **25 active spin-outs** in the region with a continuous, strong pipeline from our universities.
- **Research and innovation capabilities** across universities, research centres and the Centre for Process Innovation, and strengthening networks between anchors.
- Strong synergies with clinical excellence (including in rare diseases and oncology) and nationally-leading healthcare trusts.
- Businesses in the sector generate around £2 billion in turnover and employ 8,000 people in high value jobs.

Priorities

- Building on **substantial growth** over the past half-decade, adding further to the region's economy and creating further high-value jobs through continuing investment in existing companies and in new companies through relocation to the region.
- Supporting the development of further export-led growth, including through reinvestment in existing facilities, alongside logistics and new routes from Newcastle International Airport to open up new markets.
- Supporting a £30 million **NHS Medicines Manufacturing Centre** in Seaton Delaval to manufacture aseptic medicines for the NHS.
- **Biosphere 2** to deliver more incubation space and support for spin-outs and start-ups to move into production.
- Supporting the development of the **Health Innovation Neighbourhood**, creating a thriving all-age development focused on improving lives across the life course, and the **Centre for Health and Social Equity**.
- Building a more diverse talent pool, with more opportunities for women in traditionally male-dominated roles, and supporting **skills development**.

Scale of opportunity

- We expect to see continued strong growth of the life-sciences and pharma sector, with opportunity for the North East to expand by more than the national average.
- For the North East to increase levels of start-ups, spin-outs and IPOs to average level across UK (excl. Golden Triangle).



Source: Metro Dynamics analysis of Data City – trading location of businesses with Life Sciences (minus Human Health Services), Pharma, Biopharma, MedTech or Omics RTIC

Mission 2

Home of the green energy revolution

We will grasp the opportunity that green energy presents to the North East. Not only will this transform our economy, creating thousands of jobs and reducing carbon emissions, we'll build and adopt the new technologies and solutions needed for the UK to decarbonise too.

We'll ensure we're the natural choice for new industries that need access to clean energy, development land, natural resources, and a skilled workforce. The Mayoral Combined Authority will encourage innovation, support green businesses to grow, and ensure residents have the skills to take advantage of the immense jobs potential that the transition brings.

We will take a central role in driving regional clean energy activity through convening others, and by developing the regional strategy and policy framework that sets our course. We'll provide a compelling vision that provides many more jobs and opportunities for all our communities, creating better places for people to live, work and play, and which protects and restores our unique North East nature and landscapes.

It is important the transition to a more climate-friendly North East is a just one, which takes the people of the region with it. We will ensure there is a route for people to benefit from these economic and social changes.



Delivering the Green Energy Revolution and creating local green jobs

Creating jobs, reducing emissions, supporting a just transition and improving the environment.

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Growing the low-carbon economy

Offshore wind and electric vehicles

The game-changing economic opportunity for the region, delivering innovation-led growth.

Decarbonising industry

From pharma to fabrication reducing carbon emissions and energy costs will be critical to long-term sustainability.

Foundational economy

We'll support our SMEs to decarbonise whilst supporting new economic opportunities in green construction and skills including innovative solar and low carbon building materials.

Tech and digital

Providing the clean energy and water needed to support data centres, and working to capture heat from them for local communities.

Green maritime

Our North East Ports will lead the way in using the latest technologies including electrification, hydrogen and e-fuels to decarbonise our ports and shipping routes.

Jobs and skills

Our plan means delivering a just transition, where we create more good jobs, as part of a move away from fossil fuels and towards clean energy. Supported through a massive investment in skills.

Reducing energy costs

Housing

We aim to build the greenest, most sustainable housing in England and will build a new retrofit industry to make our existing housing stock warmer and cheaper to heat. Heat networks offer a £1 billion+ growth opportunity and the North East leads the way in minewater and geothermal heat, including in Gateshead.

Transport

Public transport will be the cheap, clean and convenient option. We're bringing new electric buses into service in addition to supporting active travel. We'll support EV charging, including in hard-to-reach and rural communities.

Energy

We've set up a North East Strategic Energy Board to ensure we meet future energy needs and maximise opportunities associated with being a clean energy-abundant region.

Adapting to climate change

- We will work with partners to identify and respond to climate risks to our regional economy, including more extreme weather and sea level rise.
- But climate modelling suggests the North East is likely to be less affected than most parts of the UK. Together with abundant water assets, this creates a competitive advantage.

Net Zero North East England

- We're proud to support this regional partnership to accelerate the energy transition.
- Leadership from public, private and VCSE sectors.
- Ambition is to create a cleaner, greener, and fairer North East.
- Promotes collaboration and collective action to accelerate the decarbonisation of the region.

North East Carbon and Nature Marketplace

- Our North East Carbon and Nature Marketplace provides a huge economic opportunity to increase investment in nature recovery and cut carbon emissions, including in our vast, rural spaces. The Marketplace will also host Biodiversity Net Gain offset projects by late 2025.
- Launched with 10,000 carbon credits available for purchase – which could save 10,000 tonnes of carbon emissions – with other investible projects seeking over £11 million worth of support.



Offshore wind and energy transition

The UK's most advanced offshore wind industrial cluster

Building from a strong base

- **Major manufacturers** producing cables, foundations and substructures.
- Energy technology cluster includes Smulders, JDR Cables, Siemens Energy, SMD, Technip FMC, Baker Hughes, Equinor, RWE and EDF.
- Leading in **offshore energy innovation** including robotics, wind farm design optimisation and ecological protection.
- Over two decades of offshore wind knowledge and capabilities at Blyth and across the River Tyne Economic Corridor.
- **Key infrastructure:** three deepwater ports, key sites across our Investment Zone at Blyth Energy Central and the River Tyne Economic Corridor.
- Strategically located for North Sea offshore wind deployment, including within a future North Sea leasing round and at Dogger Bank.
- Energi Coast provides strong, well established **sector leadership**.
- **Globally-leading design, testing and technology validation expertise**, including at the Offshore Renewable Energy Catapult in Blyth, our universities, Siemens Energy and other leading companies.

Priorities

- Developing **flagship regional sites** with investment in port and quayside infrastructure and connectivity to provide world-class facilities – to attract major new global manufacturers producing the next generation of turbine components.
- Supporting inward investment and re-investment at existing businesses to catalyse clean growth.
- Working with businesses, skills providers and the Newcastle College Energy Academy and Energy Central Campus in Blyth to strengthen and diversify the **skills pipeline**, with more opportunities for women in traditionally male-dominated roles.
- Increasing innovation and R&D opportunities in the private sector and at the Offshore Renewable Energy Catapult.
- Working with The Crown Estate to secure game-changing offshore wind leasing opportunities off our coast by 2030 and to maximise regional supply chain opportunities and wider onshore benefits.
- **Removing the cables over the Tyne**, and securing investment opportunities arising from the North East having the country's cleanest energy.
- Working in strategic partnership with our major ports and landowners to unlock growth opportunities.
- Facilitating development of geothermal energy, hydrogen and heat network projects, in conjunction with world-leading research expertise at our universities and through international collaboration.
- Progressing the Institute for Low Carbon Hydrogen in partnership with UK Government and the Kingdom of Saudi Arabia.



Scale of opportunity

- The UK's most advanced offshore wind industrial cluster, close to North Sea deployment sites with the potential to account for one fifth of the UK's offshore wind economy.
- Aim to grow the regional renewables workforce to 50,000 by 2035.

Mission 3

A welcoming home to global trade

The North East has strong international links and we will build on our global reputation to maximise new opportunities. We will secure more inward investment and reinvestment, helping increase our share of global trade, including by maintaining a focus on our manufacturing and pharmaceutical strengths, together with newer opportunities across energy, defence, space, education, digital, finance and the cultural sectors.

We will position the region to attract financial and business investment, whilst refreshing our international inward investment and visitor capabilities. This will be seen in our spending on infrastructure, and the development of key sites to unlock private finance.

Attracting investment and supporting trade

The North East has a strong track record of attracting inward investment and translating this into new jobs – consistently outperforming the national average. Recent examples include JDR Cables in the Offshore Energy Sector and the creation of 183 jobs by JATCO UK in their new facility producing electric vehicle transmission systems.

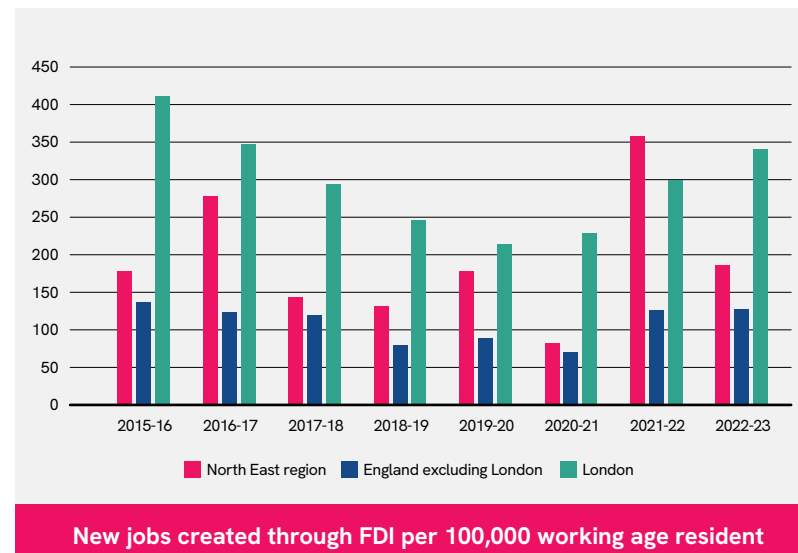
We will build on this to support the Government's Growth Mission by attracting businesses to our key sites across the whole region – including in our city centres, new places and existing successes – like the UK's first industrial estate at Team Valley, the UK's largest business park at Cobalt and NETPark in County Durham – a hub for national innovation expertise and cutting-edge businesses. Success is dependent on the wider set of assets and opportunities identified in this plan – from the role played by our universities to transport links and the quality of our housing offer.

Our flagship North East Investment Zone is a £160 million programme over 10 years to create at least 4,000 jobs and attract at least £3 billion of private sector investment. Designed to benefit the whole region, and launched with confirmation of up to £1.12 billion of investment from Nissan, the Zone is focused on advanced manufacturing and green industries, building on the Arc of Innovation set out in the North East devolution deal.

Backed by expertise from Durham, Newcastle, Northumbria and Sunderland Universities, we will support industrial clusters in offshore and renewable energy, EV and battery manufacturing, and low carbon materials and research.

The North East is consistently the leading exporting-region in the country, including through strong manufacturing and pharmaceuticals international trade. We are also seeing strong growth and future potential in service-sector exports, including in higher education, digital and finance.

We will seek opportunities to develop and intensify international relationships to bring new investment into the region and to increase our share of global markets. This includes areas with existing strong links – including the US, Europe and Japan – together with those where we are developing relationships, including with India and through Newcastle United's relationship with the Kingdom of Saudi Arabia.





Advanced manufacturing including electric vehicles

A national leader in vehicle and battery production, alongside other manufacturing strengths.

Building from a strong base

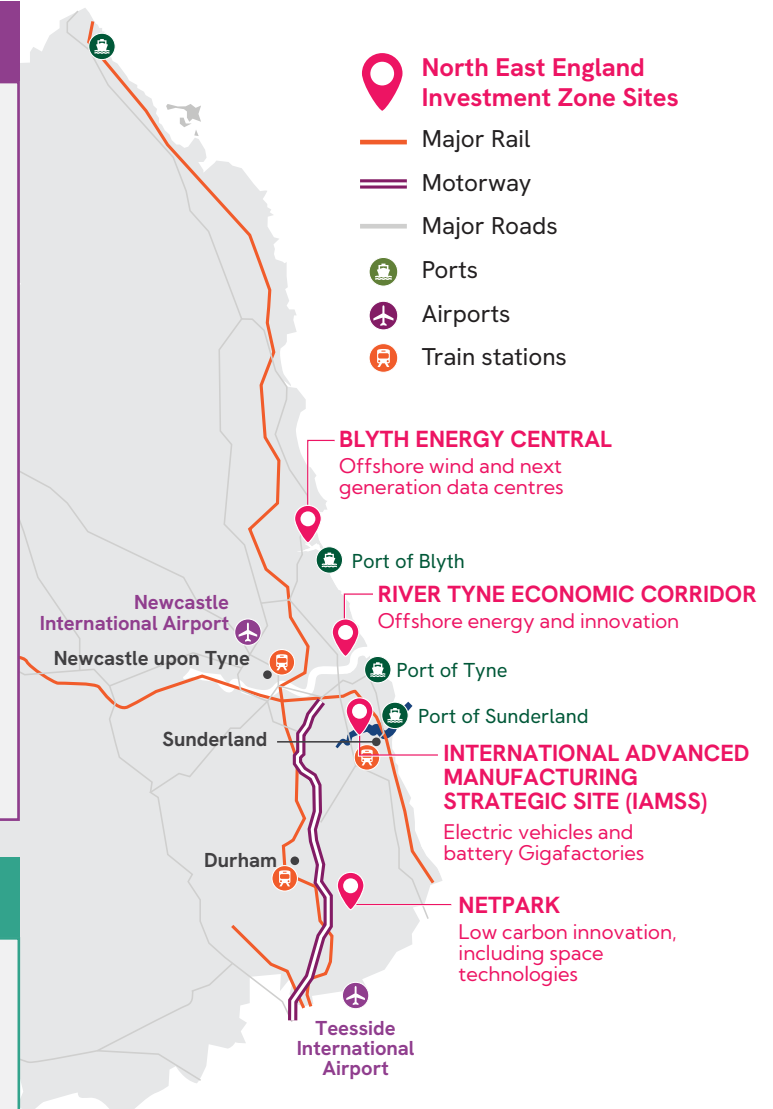
- **Established expertise** with 3,900 businesses in advanced manufacturing, employing 67,000 people.
- Growing specialisation in battery technologies and EVs, offshore renewables, subsea technologies, and robotics.
- Our **automotive sector**:
 - Has a **world-leading EV manufacturing hub** in Sunderland, including Nissan's EV36Zero strategy.
 - Is already producing around a third of all UK passenger vehicles, has a globally competitive supply chain, R&D expertise and a strong business support network.
 - Includes the UK's first gigafactory, established in 2013, with a second under construction by AESC.
 - Has the UK's largest automotive cluster, the **North East Automotive Alliance**.
 - Includes key employers: Nissan, AESC, Turntide, Komatsu, Caterpillar plus 34 Tier1s and over 200 supply chain companies, representing £10.3 billion of turnover in 2023.
 - Contains the only full Power Electronics, Motors and Drives regional capability in the UK.
 - Has excellent research capabilities and a skills ecosystem across our universities, colleges and research institutes in battery, PEMD and advanced manufacturing; including AMBIC, DER-IC, FINE, IESAM and NBTSA.
- Expertise in advanced materials manufacturing, including Pragmatic Semiconductors and Kromek Group Plc.
- Other leading businesses include J Barbour & Sons, Egger, Ringtons and Prima Cheese.

Priorities

- Supporting the growth of existing businesses and attracting new ones – as electrification changes markets and through supply chain consolidation.
- **Maximising the impact of the North East Investment Zone** site at IAMSS site, in Sunderland and South Tyneside, building on recent inward investment success.
- **Implementing and expanding MADE North East**, the new facility led by Nissan – which will develop the skills pipeline and support innovation for the automotive and battery manufacturing sectors.
- Developing a wider and **more diverse** talent pool, with more opportunities for women in traditionally male-dominated roles.
- Continuing the rollout of an ambitious programme of **EV charging infrastructure** installation.
- Expanding our NETPark Investment Zone site to deliver **more industrial space**.
- Supporting the next phase of development of **Hitachi Rail**, including expanding the local supply chain.

Scale of opportunity

- **£24 billion** UK passenger vehicle electrification opening.
- Scope for more than 2,000 new jobs.





Defence, security and space

Growing cluster capitalising on advanced technologies to secure our future.

Building from a strong base

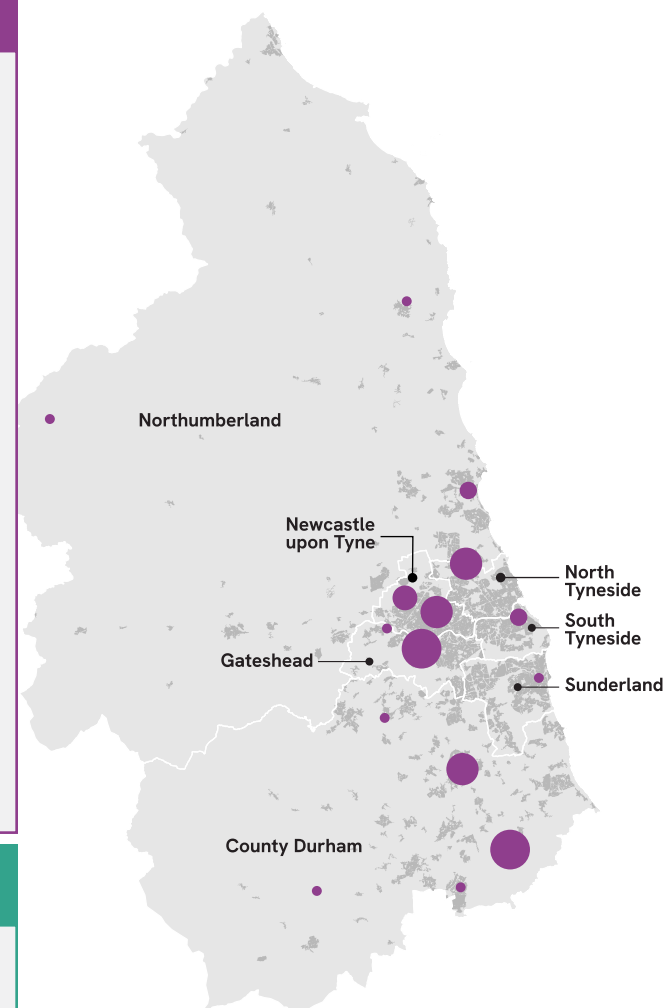
- The UK and the western world are facing the greatest security challenge for a generation. Defence manufacturing in the North East will be at the heart of our response.
- The defence, security and space sector contributes around **£1.75 billion** to the regional economy and employs 5,300 people in the wider region.
- **Established and emerging specialisms** in engineering and fabrication and the advanced material electronics sector and adjacent sectors.
- North East defence firms have attracted half a billion in **innovation funding** since 2002.
- A **large defence cluster**, with over 1,400 firms, including industry leaders.
- Specialist bases include RAF Spadeadam, RAF Boulmer and HMS Calliope.
- **Data and cyber security** are a growing presence, supporting multiple sectors.
- **Mature regional space cluster**, with strong links to Durham, Newcastle and Northumbria Universities.
- Octric Semiconductors was recently purchased by the UK Government.
- World class **skills and research** capabilities across the region's universities.

Priorities

- **Growing the North East defence sector**, including by making the region a national hub for cutting-edge digital defence technologies, including threat detection, mitigation and communications, and supporting the growth of the region's advanced materials cluster.
- Ensuring public funds are not used to produce weapons deployed against civilian populations, including in Gaza.
- Attracting innovative **technology-based companies** and increasing the market for locally-sourced content.
- Enabling the North East Regional Defence and Security Cluster (**NERDSC**) to build and grow capacity and skills, including through a major supply chain development programme, and forging links with other regions and nations through exports.
- **Expanding NETPark**, including potential satellite manufacturing inward investment.
- Supporting the Space North East England (**SNEE**) cluster to build upon the success of the last ten years.
- Maximising the impact of Northumbria University's North East Space Skills and Technology Centre (**NESST**) - a £50m R&D and innovation investment opening in 2026 - alongside the £5m Durham Space Research Centre.
- Driving further **R&D and innovation** in the region to address technology challenges.
- Ensuring a pipeline of diverse talent, with opportunities for women in traditionally male-dominated roles.

Scale of opportunity

- The UK Annual Defence & Security Sector is **worth £51 billion, rising to £87 billion by 2030**.
- **35%** of Ministry of Defence spend in the North East is with SMEs - the largest proportion of any region.



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Investment in infrastructure and key sites

Investing in infrastructure and unlocking strategic employment and mixed-use sites

Our Investment Prospectus identifies key economic and housing growth sites across the region.

20 strategic new/largely undeveloped employment or mixed-use sites that total 18 million sq. ft with a potential investment value of around £4.4 billion.

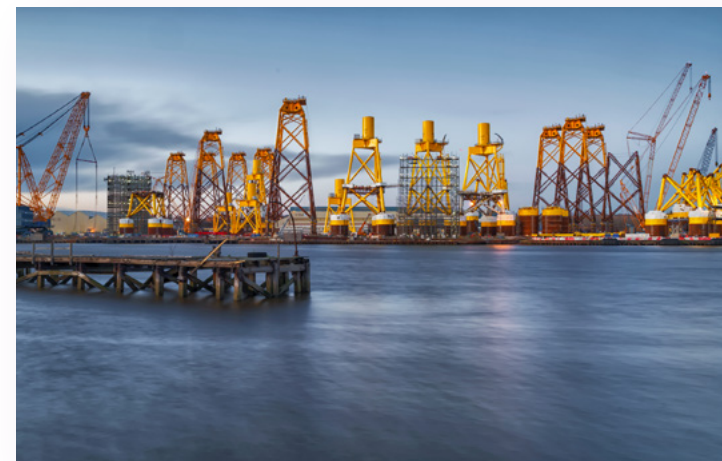
These complement existing major employment locations, including in the city centres, out-of-town and rural locations.

Includes a package of riverside employment sites - 200 hectares of prime quayside land and deep-water berths available - and regionally-significant housing sites that could deliver up to 12,000 homes.

We will support the development of new digital infrastructure - unlocking growth potential from AI to areas with poor broadband connectivity.

Priorities

- Enhancing physical connectivity to strategic sites.
- Taking a joined-up approach to growth which works for local communities, through the development of a Spatial Development Strategy.
- Working with the North East Strategic Energy Board to improve energy connections and unlock investment at key sites.
- Exploiting new opportunities associated with changes in national energy infrastructure - with the North East benefitting from having more of its electricity produced from renewable sources than any other English region.
- Supporting the introduction of low-carbon infrastructure, which we expect to include district heating systems and geothermal energy over the lifetime of this plan.
- Upgrading or renewing existing ageing infrastructure - from the Tyne Bridge to some of our highways connections.
- Working with National Highways to deliver upgrades to the A66, A1 dualling from Morpeth to Scotland and junction upgrades on the A19 at Moor Farm and Seaton Burn.



Mission 4

Home of real opportunity

We will achieve our missions by ensuring that opportunities for success are accessible to all. Our region is a great place to live and work, but too many people face challenges in achieving their full potential. We will implement targeted policies which will help to overcome the challenges hindering individual and regional success – from skills training to support for children and families. We will ensure inclusive economic growth, and that good public services are spread across the North East.

The Mayoral Combined Authority will invest in the foundations of the economy and remove barriers that prevent people succeeding. This work will be done in partnership with businesses, local authorities and trade unions, and will be designed around the needs of the people and economy of the North East. We will help our residents to thrive by providing all-age career support, starting in schools. We will help people progress by funding skills programmes relevant to our region. Our employment support services will help residents with multiple and complex needs at a personal level, providing training and help with transport costs.

Improving skills and employment

We have identified four key outcomes which we will seek to improve: first, for a bigger, better skilled, and more diverse workforce to support the growth of our economy; second, for our employers to be able to recruit the skilled staff needed for them to succeed, drawing on the expertise of our universities and colleges; third, to improve employment rates of those under-represented in the labour market or in key sectors (including women, disabled people and those with long-term health conditions, young people aged 16- 24, care-leavers and carers); and fourth, tackling the barriers that prevent people getting into and getting on at work.

Improving skills, qualifications and increasing scale and diversity of employment to support growth and increase opportunity

Regional growth sectors are facing skills and recruitment challenges which need to be resolved to keep and grow businesses. We will support residents at every life stage to access skills that get them into good jobs whilst also supporting our businesses to draw from a more diverse employment base - tapping into the potential of currently under-represented groups. We also need to reduce the digital divide and improve digital skills to underpin the growth of all sectors and to ready people for work.

Priorities

- Supporting people to develop functional and basic skills, including literacy and numeracy.
- Increasing the proportion of residents with higher-level and specialist skills.
- Strengthening links between our highly-rated universities and businesses.

- Better understanding the changing skills requirements presented by structural shifts like the low carbon transition, AI, and technology adoption.
- Clearer pathways into employment via all-age career support - addressing the digital divide while aligning skills and qualifications to tackle skills shortages.
- Delivering the £50 million Connect to Work Programme, the Economic Inactivity Trailblazer, and the NHS Health and Growth Accelerator, working regionally with DWP to create an integrated health and work approach.
- Supporting good jobs, encouraging all employers to meet the new North East Shine employment standards.
- Making it easier for businesses to support educational pathways and progression.

- Promoting business skills to support entrepreneurialism, spin-outs and scale-ups, including in existing markets and focused on process improvements.
- Expanding the transport network to improve opportunities and labour force availability.

By taking a comprehensive and joined-up approach we will deliver a New Deal for North East Workers: improving skills and qualifications; reducing inactivity; supporting growth; and expanding opportunity across the region.

Our New Deal for North East Workers strategy sets this out in more detail.

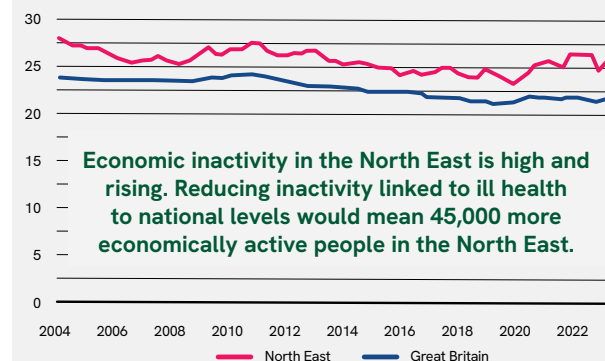
Linking economic activity, health and wellbeing

The North East faces the highest rates of ill health in the country, holding back people's participation in the labour market.

These challenges lead to higher economic inactivity and lower household incomes, putting significant pressure on public services that will only grow due to the ageing population.

We need to address the underlying causes of poor health, strengthen public services, and tailor employment programmes to break barriers to re-joining the workforce. This includes drawing on the expertise of the VCSE sector to improve the consistency of locally-delivered support for families.

The North East will be a testbed for DWP, Skills England and the Integrated Care Board to design and develop evidence-based targeted interventions to tackle economic inactivity.



Economic Inactivity (%)

Tackling child poverty

Addressing the causes and consequences of child poverty

If babies, children and young people growing up in the North East today are to be able to access our region's economic opportunities and benefit from future growth, we must remove the barriers that prevent people succeeding.

The evidence is clear that these barriers include high rates of babies, children and young people growing up in poverty across all parts of our region – and that this is not just threatening good childhoods and limiting the potential of individual children and families; it is holding the whole of our region back.

As well as measures to support families here and now, and break down the barriers to opportunity that poverty can bring, we will focus on tackling longer-term, structural challenges – including those which will help to make work pay, and create the infrastructure of opportunity, for more families.

Our vision is for the North East to be a place where every baby, child and young person is supported to thrive and achieve their potential – regardless of their background, or where they live.

Our strategic priorities for action:

- Supporting families here and now
- Breaking down the barriers to opportunity that poverty can bring
- Tackling longer-term structural challenges

The North East child poverty action plan sets out the actions we will drive, in partnership, to achieve these.

Actions include:

- Getting more money into families' pockets – supporting all to receive their entitlements through expanded advice and take-up campaigns.
- Driving down the cost of education, including free after school clubs and work to ensure equity and fairness in education across the region through our Excellence in Education Programme.
- Expanding prevention-focused, joined-up support for families through our work on public service reform.

- Working to ensure all families can access the skills, equipment, data and support needed to be digitally included.
- Making childcare more affordable and accessible, through the Mayor's childcare grant and a regional plan for childcare and early education.
- Delivering a joined-up, affordable, reliable and accessible transport network that breaks down barriers to opportunity.
- Creating more and better jobs that make work pay – through this Local Growth Plan, the SHINE scheme for employers and the New Deal for North East Workers.

Our ways of working as an organisation will reflect the change we want to see. Through our Child Poverty Reduction Unit we will drive collaboration with others to deliver and we will create a framework to support business to contribute to delivering the regional child poverty plan.



Building on initiatives already underway, the Unit will deliver on its objectives by:

- Members forming a coalition, working together with purpose.
- Galvanising regional ambitions and efforts across all sectors, including public, private, and VCSE. We commit to continuing to work closely with organisations, parents, carers and young people, to shape the implementation and evolution of our child poverty action plan throughout the next five years.
- Taking an intersectional, whole-family approach to how we implement our regional action plan with partners across the North East – recognising that some localities face greater barriers to opportunity than others, and some families are more likely to experience, or be at risk of, poverty and financial hardship.
- Working closely with constituent authorities, private, public, and VCSE organisations, drawing on experience and expertise to deliver on actions and track progress together.
- Driving collaborative action across the region to maximise impact.

Supporting growth of the foundational economy

We will also support other parts of our economy to reach their potential. This includes the foundational economy, which accounts for around half of employment, including jobs across the private, public and VCSE sectors. The goods and services that they provide, along with the unique role played by the VCSE sector in promoting social cohesion, are essential to creating strong and stable communities that provide good quality-of-life and enable other businesses to thrive. Together, they are fundamental to creating long-term growth that is sustainable and fair to all.

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Foundational economy

The foundational economy provides services and goods that are essential to everyday life.

This includes food, retail, energy, transport, construction, agriculture, care and education. It is the backbone of our economy, providing vital services and the supply chain to delivering wider growth in the region. It provides the building blocks which enable other businesses to thrive, and it is fundamental to supporting the delivery of wider growth. But its role is often under-recognised and employment in the sector can be relatively insecure.

Our local authorities, NHS trusts, universities, colleges and other large locally-based organisations are anchor institutions and key engines for growth. They are big employers and procurers, are conveners and facilitators of partnerships, and they help shape places. As a result they have a significant impact on the skills, employment and SME ecosystems, and the wider economy.

The foundational economy accounts for around half of employment in the region.

It is also a disproportionately high employer of women and offers more-flexible local and part-time employment opportunities which are particularly attractive to parents and those with caring responsibilities.

Many parts, including health and construction, are set for rapid growth.

But the foundational economy faces challenges around pay and progression opportunities, and not every part of the region has equal access to foundational services.

Priorities

- Providing business advice and support to organisations operating in the foundational economy, with a particular focus on food, construction, health and social care.
- Enabling socially-trading organisations and cooperatives to flourish by improving access to resources, including flexible social finance.
- Working with anchor institutions and others to simplify and streamline procurement, making it easier for SMEs and VCSE sector providers to win contracts and join supply chains.
- Unlocking community assets by working with local authorities and social enterprises.
- Piloting public service reform and investing in innovation.
- Working more closely with VCSE organisations, recognising the unique role they play in providing support to out-of-work residents and opportunities to enter paid employment.
- Supporting the foundational economy to build a better-skilled and more diverse workforce, alongside clearer employment pathways and progression opportunities, with particular help for female founders.
- Working with others to increase access to foundational economy services in neighbourhoods that experience poor social and economic outcomes, including high levels of child poverty.

Mission 5

A North East we are proud to call home

The people of the North East are rightly proud of their local identity and want services and policies that support them to live here. The North East Combined Authority delivers the strategies and programmes that help make this happen. From better transport to more social housing, from a thriving creative economy to sustainable rural communities, we will deliver the priorities of local people.

We will work with partners including local authorities, housing providers and Homes England to deliver more affordable and social housing, ensuring everyone has access to a good home. As part of this, we'll invest in communities and in making our housing stock meet the needs of residents. We'll also work to secure more devolved powers to support renters.



Delivering a green, integrated transport network

Transport is crucial to our lives - our health, our environment and our economy.

As set out in more detail in the North East's Local Transport Plan (LTP) our ambition is to create a green, integrated transport network that works for all. Achieving this will mean sustainable and integrated links between

communities, services, and opportunities, paving the way for growth and inward investment. The key sections of the LTP are summarised below.

Challenges

- Car journeys made up **58% of all journeys** in 2022, contributing significantly to **road transport greenhouse gas emissions**, which **account for 97% of the region's total transport emissions**.
- Use of electric vehicles is growing, but they currently make up just 1% of registered vehicles in the region.
- **1 in 4 adults are physically inactive** and just **36% of journeys to school made by active travel** in 2022—the second lowest English region.
- **Public transport use has been falling over the long-term**. Since 2014, both bus and Metro passenger journeys and vehicle miles per head have decreased.
- **31% of residents (622,000 people) at risk of transport related social exclusion**.
- Contrasting transport challenges between rural isolation in more remote areas and poor air quality and congestion in parts of our towns and cities.
- **An increasing need for maintenance and resilience of our existing transport infrastructure assets**. Ageing, poor or weak transport infrastructure hinders productivity and limits growth.

Where we want to be

Aim: to create a green, integrated transport network that works for all.

Five key areas of focus:

- Planning journeys/informing users/supporting customers.
- Ticketing and fares.
- Reach and resilience of infrastructure.
- Safety, especially of women and girls, and other improvements in service quality.
- Connections between different transport types.

How we will get there – delivery plan

- Includes a pipeline of interventions up to 2040 set against potential funding options with an estimated value of **£8 billion**.
- **Powers and other delivery mechanisms** (e.g. bus reform) which are the tools to enable this change.
- Maintained as a **live pipeline** which will evolve as schemes develop, new priorities are identified, and we progress through delivery.
- Interventions designed to enable **cross thematic outcomes** – achieving **integration**.

Outcomes

Through implementation of the Local Transport Plan we will:

- Deliver a green, integrated transport network that works for all – **connecting all areas** of the North East, including remote rural and coastal communities and more deprived urban areas.
- **Enable inclusive economic growth** across the North East, through a reliable transport network: helping to attract investment, boost job creation, and overcome inequality by unlocking access to opportunity and increasing the talent pool for employers.
- **Improve access to and from our international gateways**, making it easier to attract visitors and international investment, as well as making the movement of freight to/from our ports and airport more efficient, contributing to economic growth.
- Help **protect our environment and tackle climate change** by providing an attractive, resilient, seamless, and sustainable transport network for people and freight.
- Help **achieve better health outcomes** for people in our region by encouraging active and sustainable travel and facilitating better access to services.

Expand and improve our housing offer

Our ambition is to build a North East we are proud to call home with well-connected housing, high streets and places that are accessible to all and support everybody to live well in our cities, towns, countryside and coast. Our four priorities are to:

1. Build more homes to meet our housing delivery targets

- Supporting the regional housing market means increasing housing choices, including more social and affordable homes and increasing home ownership.
- Promoting high-quality and sustainable development, with good active travel and public transport links.
- Working with Homes England as they develop a more regionalised model of delivery, unlocking major housing schemes identified in our Strategic Place Partnership including Forth Yards, Riverside Sunderland and Metro Green.
- Attracting and deploying increased funding for housing delivery, including for brownfield land remediation and utilising modern methods of construction.
- Working with Government and National Highways to ensure our land supply isn't constrained by infrastructure/highways.

2. Support regeneration, brownfield land remediation and investment in high streets and communities

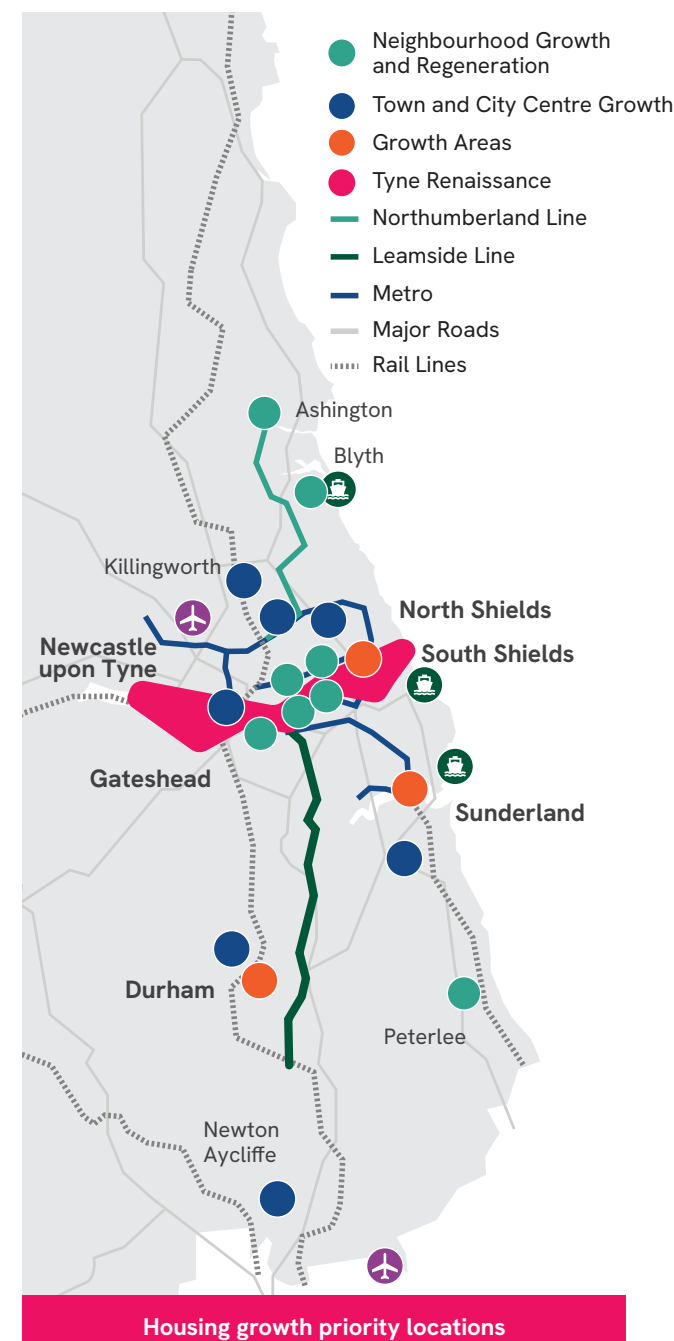
- We will support the regeneration of our communities, including by supporting investment in high streets and improving the quality of our places.
- Previous successes, include The Rise in Scotswood, where the Combined Authority supported enabling and infrastructure works, including ground preparations, retaining structures, highway works and pedestrian links. This will deliver 1,800 new homes, with the first 600 having been built.
- We'll also work to secure more devolved powers to support renters.

3. Develop new models to deliver more affordable and social housing

- The North East has suffered from a lack of investment in new affordable housing, which has reflected gaps in viability, and resulted in long waiting lists for social housing.
- We will develop an approach to unlock substantially more housing units – working with the NE Housing Partnership and other funders to create a model involving the Government and other investors.

4. Develop a regional retrofit strategy

- We have too many cold, poorly insulated homes - particularly in the private rented sector.
- We will make it easier for residents to access the advice needed for upgrades which can reduce carbon and long-term heating bills, while we will also develop an ambitious plan for the delivery of retrofit activity as part of our future Integrated Single Settlement.



Source: NE Strategic Place Partnership

Investment in our rural and coastal areas

- Rural and coastal areas make an important contribution to the North East economy, together accounting for **30% of GVA**.

Rural and coastal communities face specific challenges related to their geography, including social mobility, transport, employment and access to housing.

The rural economy is diverse – ranging from the visitor economy through to advanced manufacturing – but also including opportunities around: quality and regionally distinctive food, tackling nature recovery, carbon and nature markets, and supporting the energy transition and climate resilience.

Priorities

- Establishing a tailored rural business advice service to help businesses overcome additional barriers to growth.
- Ensuring that the green, integrated transport network extends into rural and coastal communities.
- Developing and implementing high integrity carbon and nature markets.
- Supporting and promoting regional food production and agritech adoption.
- Improving rural broadband.



Vindolanda, Hadrian's Wall

Supporting the visitor economy

- The visitor economy is important in the North East, with 91,000 jobs and a total GVA of £1.6 billion generated by the hospitality sector, with a further £560 million coming from arts, entertainment and recreation activities.
- The region benefits from a diverse range of rural, coastal and urban assets, alongside nationally significant events (e.g. Great North Run; festivals etc.), excellent historical settings (including two UNESCO World Heritage Sites) and a wide breadth of cultural offerings.
- These assets are critical to quality of life and for attracting further investment.
- There are opportunities to strengthen pay and productivity across areas of the visitor economy with relatively low GVA per worker – including accommodation, food and leisure services.



Durham Cathedral

Priorities

- Marketing the region effectively to overseas audiences.
- Developing resilient and sustainable transport options to assets and attractions, including EV charging facilities.
- Creating a more integrated and mixed visitor package, including sustainable 'products'.
- Improving pathways into employment and skills development.
- Developing flagship attractions, venues and assets, including an International Conference Centre and a Centre for Excellence in Tourism and Hospitality.
- Strengthening event infrastructure, utilising technology and increasing expertise to attract and host further world-class events.
- We have a **ten-year plan to double the GVA** of the visitor economy, including by significantly increasing the number of international visitors (leisure and business) and the duration of their stays.

Leamside Line Investment Corridor

Delivering infrastructure investment to unlock place-based integrated growth

The Mayor has pledged to reopen the Leamside Line - the most important new piece of transport infrastructure for the region:

- **The first stage** is an extension of the Metro to Washington on the northern section.
- **The second stage** is 'Leamside South' from Washington to Ferryhill in County Durham.

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The Leamside Line Investment Corridor will:

- Unlock over 10,000 new homes.
- Generate more than 1,000 new jobs.
- Provide better access to education, employment and leisure activities for 100,000 people.
- Provide a major boost to the region's long-distance rail connectivity.

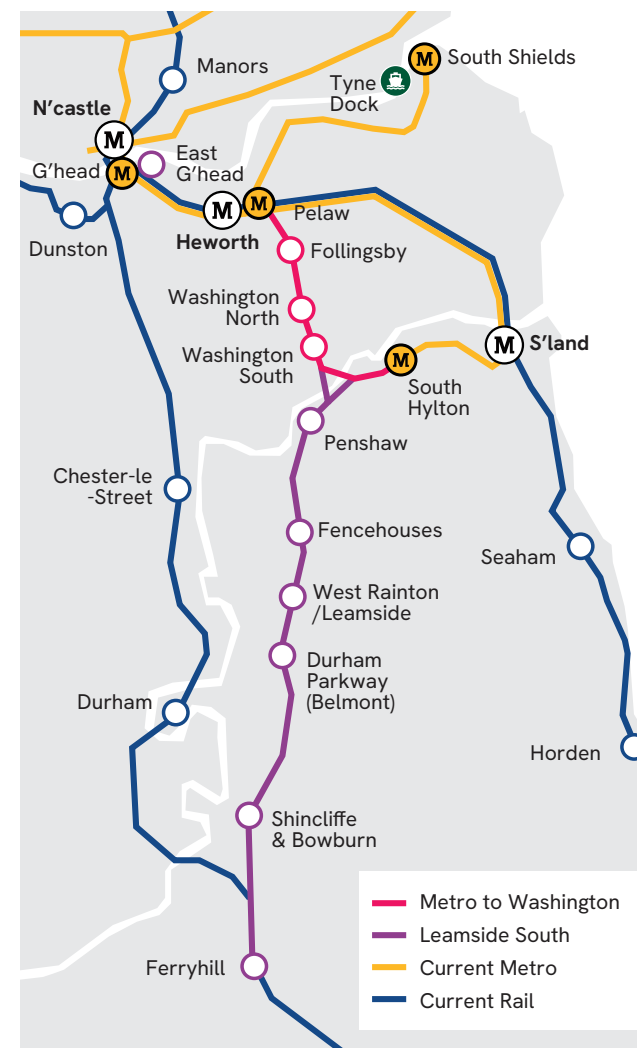
Current status of the project:

£9.1 million has been invested by the CA to progress the Leamside Line programme. The following is being progressed:

- Pre-delivery work for Metro to Washington, including an Outline Business Case.
- Early feasibility technical assessments for 'Leamside South' informing future business case development.
- Investment corridor studies assessing the Line's ability to be a catalyst for wider economic growth and spatial development.

Reopening the Leamside Line in full will drive economic growth and help make the North East the greenest and best-connected region in the UK:

- It is the most important piece of transport infrastructure for the future prosperity of the North East.
- It will provide a significant capacity uplift to the East Coast Main Line, allowing more passenger and freight services to run from the North East to London and other key economic centres.
- It opens up considerable local benefits, providing fast and direct connections into Newcastle and Sunderland for 100,000 people in Washington and South Durham that currently have no direct rail or Metro connections. This enhances access to employment, leisure, and education centres.
- It will enhance connections and support businesses in the region such as those at Nissan, IAMP, Follingsby, and Integra61; all Investment Zones; and the Airport.
- It will be the North East equivalent of East West Rail, set to connect communities between Oxford and Cambridge, in that it too will relieve congestion on the surrounding rail and road network whilst delivering wider economic benefits through improved access to jobs, education and opportunities.



Capital investment pipeline

We have over £10 billion of priority capital investment opportunities.

These will create jobs, spur economic growth, provide homes, make it easier for people to get around, and improve our natural environment.

For further details of each investment opportunity please see:
investnee.co.uk



Industrial strategy zones

Powering the future economy from our clean energy-abundant region.

Offshore wind: Blyth and the River Tyne Investment Zones

The North East is already the home of the UK's most advanced offshore wind industrial cluster and there is the potential for £3 billion of further private sector investment. We have flagship investment opportunities at prime locations with deep water access and quayside facilities, located within our Investment Zone. These include the 230-acre Tyne Clean Energy Park at the Port of Tyne; 47-acre Battleship Wharf at the Port of Blyth and 10-acre combined Swans and Neptune Energy Parks at Shepherd Offshore on the River Tyne.

Investment in these facilities is being complemented through significant investment into skills, innovation and finance – while The Crown Estate has identified the opportunity for a huge offshore wind leasing round off our coast. Our ambition is to secure 5,000 new jobs in Blyth and on the River Tyne in the next five years, growing the regional clean energy workforce to 50,000 jobs by 2035.

Automotive: International Advanced Manufacturing Strategic Site Investment Zone

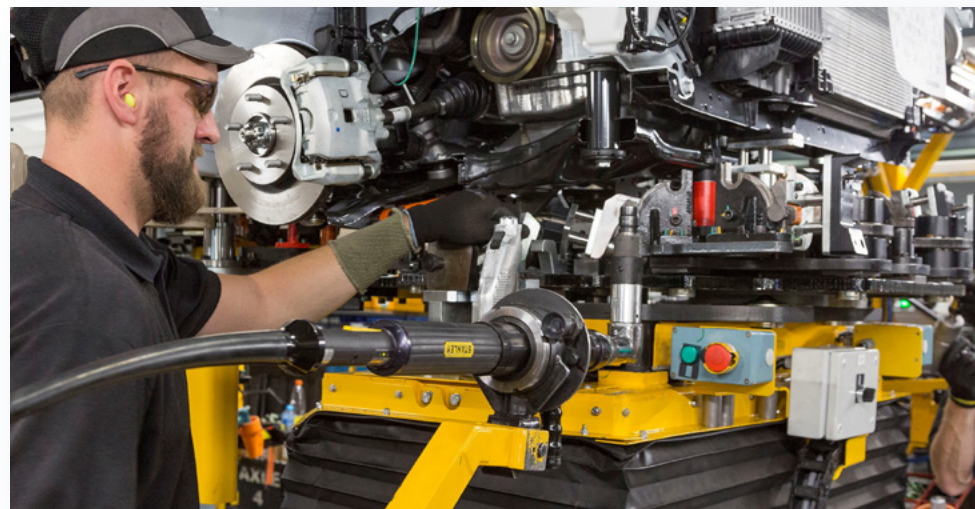
The North East produces around a third of all UK passenger vehicles and the move towards full electrification of road transport provides opportunities for further growth. The International Advanced Manufacturing Strategic

Site (IAMSS) is part of the North East Investment Zone and opens up further strategic development opportunities suitable for inward investors in the automotive manufacturing, and the clean energy and green manufacturing clusters. There is potential for up to 2,000 new jobs.

This is supported through a new electric vehicle cluster programme, developed in conjunction with the Department for Business and Trade, which will support both new inward investment opportunities as well as key reinvestment to sustain and create employment as the North East continues to build a fully-integrated, sustainable, globally competitive EV cluster.

AI Growth Zone

The North East AI Growth Zone is anchored by investment at two world-class data centre campuses at Cambois in Northumberland and Cobalt Park in North Tyneside, positioning the region at the forefront of the next technology revolution. Development is under way at QTS Cambois Data Centre Campus, which will stretch over 500,000 sqmt across up to 10 buildings, each providing around 72 MW of IT capacity. At Cobalt Park, leading businesses OpenAI, NVIDIA and Nscale will partner up to establish Stargate UK, including a first-phase investment of 8,000 GPUs – computer chips which are the building blocks of AI technology, able to carry out a huge number of calculations in a split second.



An AI taskforce, co-chaired by the North East Mayor and Secretary of State for Science, Innovation and Technology, will prioritise delivering the AI Growth Zone – unlocking infrastructure and new investment – and maximising wider benefits through a comprehensive investment in AI skills, SME Digital and AI adoption, and AI innovation.

Advanced materials: NETPark Investment Zone

The North East Technology Park (NETPark) in County Durham is one of the UK's leading science parks and is home to over 40 science, engineering and technology companies, employing over 1,000 people. It has a particular focus on advanced materials and electronics relevant to

the space, defence and life sciences sectors. Leading businesses include Kromek, Filtronic and Pragmatic – with the innovation ecosystem at NETPark also including CPI's National Innovation Centres in Printable Electronics, Formulations and Healthcare Photonics, alongside expertise from Durham University and three Catapults (High Value Manufacturing, Satellite Applications and Compound Semiconductor Applications).

£350 million of investment opportunities provide the opportunity to more than double the available incubation and scale-up space, following recent completion of initial expansion units on Phase 3. Site enabling works are currently underway on the remaining Phase 3 expansion land a further 16ha is available for development.

Thriving and creative cities

Building the homes and businesses we need to succeed in our metropolises.



Newcastle & Gateshead Mayoral Development Zone

A new Mayoral Development Zone will accelerate transformational development across the core of Newcastle and Gateshead. It will advance large-scale regeneration, housing delivery, job creation and investment across key sites on both sides of the River Tyne, with over £2 billion of development. The Forth Yards scheme in Newcastle will bring over 2,500 new homes, with a £120 million investment in the first phase enabled by Homes England.

The Baltic Business Quarter and Gateshead Town Centre will also deliver thousands more homes and new commercial space. Other development opportunities are adjacent to Newcastle United Football Club, the Helix Innovation District and the new North East Space Skills and Technology Centre.



Riverside Sunderland Creative Mayoral Development Zone

Riverside Sunderland is a strategic city-centre investment opportunity on a site spanning from the Northern Spire to the coast. There is the ambition for at least a further 1,000 homes and thousands of additional jobs. With £650 million investment already built out or under construction work is underway to transform the city's urban core.

The detailed proposals include the development of a central business district, investing in high quality housing in new sustainable communities, and continuing to diversify and improve the city centre's retail, leisure and cultural offer with outstanding public realm and green spaces at its heart.



Durham Innovation District

The Durham Innovation District at Aykley Heads is set to become a major driver of economic growth and innovation in County Durham and the North East. The site, around 15 hectares and just north of Durham's historic centre, is in council ownership, giving local partners full control over delivery. It is well-located, within easy reach of the mainline rail station, the World Heritage Site, and, crucially, Durham University.

The ambition is to deliver up to 400,000 square feet of high-quality office and innovation space, support up to 4,000 high-value jobs, and generate £400 million in new GVA over 20 years. The district will focus on high-growth sectors, including technology innovation, digital and AI, life sciences, clean energy, and knowledge-intensive professional services – areas that are central to both regional and national economic strategies.



Creative and cultural developments

Major investments will put the North East firmly on the map as a cultural and creative powerhouse.

Crown Works Studios

Crown Works Studios has the potential to become a cultural superpower, generating over 8,000 new jobs in the creative industries and become one of Europe's largest filmmaking hubs.

Gateshead Quays

The large-scale development at Gateshead Quays, adjacent to the Glasshouse and Baltic, will include new facilities attracting thousands of visitors. Massive investment opportunity, with capital works commencing in 2026.

Supported by the North East Carbon & Nature Marketplace

Investing in nature recovery and cutting carbon emissions.

The North East Carbon & Nature Marketplace is the first of its kind in the UK.

Designed to kickstart investment in natural recovery and cut carbon emissions it links private buyers with investment-ready projects. Launched in 2025 with 10,000

carbon credits available for purchase it could save 10,000 tonnes of carbon emissions with the £11 million of investible projects available. With further expansion

into biodiversity net gain it has the potential to transform the region's environment and contribute to the UK's climate resilience.

Economic corridors and transport investment

Connecting our communities to jobs, skills and culture.

Leamside Line economic corridor

Reopening the Leamside Line in full will drive economic growth and help make the North East the greenest and best-connected region in the UK. Together, the new stations, railway lines and associated housing development will improve living standards for 100,000 residents. More than 10,000 new homes are forecast, with more than 1,000 new jobs created. £9.1 million has been allocated to progress the programme, including the first stage of extending the Metro to Washington. Overall investment opportunities are expected to amount to more than £1 billion. AECOM have been appointed to lead the Economic Growth Strategy and Spatial Analysis Plan, with both now underway.

Northumberland Line economic corridor

The Northumberland Line Economic Corridor (NLEC) is a strategic infrastructure project centred on the re-opened passenger railway line connecting southeast Northumberland with Newcastle, designed to drive economic growth and improve public transport accessibility. The project is expected to boost the local economy by up to £470 million and attract new businesses and investment, including potential employers for sectors like renewable energy, life sciences and tourism. There are also significant opportunities for housing and commercial development adjacent to the 6 new passenger stations outside the city centre while the transformed connectivity will bring wider regeneration to the area. The Combined Authority has invested over £20 million into associated capital works to date, and the line has proven a huge success since opening in late 2024, far exceeding projected passenger numbers. Homes England is now leading a subsequent study into housing growth along the route of the line.

Transport investment

The North East is delivering a transformative programme of transport investment that will create a green, integrated transport network linking communities with jobs, skills, and opportunities. Guided by the Mayor's Local Transport Plan Delivery Plan (2025-2040), over £8.3 billion of planned investment will reshape how people travel, making it easier, safer, and cleaner to move around the region. At the heart of this programme is the £1.85 billion secured by the North East Mayor through the Transport for City Regions Fund. This represents the most significant devolved transport funding package ever awarded to the region.

Planned investment has the potential to unlock over 10,000 new jobs, support up to 20,000 new homes, and generate more than £2.5 billion in additional GVA for the regional economy. By connecting people with opportunity, improving access to education and skills, and reducing congestion and carbon emissions, transport investment will underpin inclusive economic growth across every part of the region.



Delivering on potential

We will work with the Government on a clear plan for devolving power and funding to support regional delivery, and a joint delivery plan to support the national missions and National Industrial Strategy. We will demonstrate the value of regional leadership and political accountability, unlocking growth for decades to come.

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Delivering growth for the region and the UK

The North East has the assets and ambition to deliver growth that benefits the whole of the UK. We will build a coalition with partners who will play a vital role in helping deliver Government targets - unlocked with the right deployment of regional powers and investment. We will grow an economy that works for all our people, regardless of their background or where they live.

Partners across the North East are working towards:



Creating tens of thousands of new jobs, including in the green, creative and foundational economies.



Increasing residual household incomes for all our residents through better paid jobs and a better functioning housing market.



Ensuring that the North East is a place where every baby, child and young person is supported to thrive and achieve their potential.



Supporting more people into work, including through a unified approach to work and health, and a more co-ordinated skills system.



Supporting the Government's commitment to deliver 1.5m new homes, enhancing our housing market for all our residents.



Creating stronger neighbourhoods, including by reducing educational inequalities and investing in communities.



If the North East were to grow at the same projected rate as the fastest growing G7 economy today our economy would be

£13.1 billion larger by 2033

Measuring impact

Our ambitions are transformational, and we know change takes time.

But we also know that the public expects results now, and that communities want to feel the benefits of greater investment in our economy

The way the North East Combined Authority is funded is changing. From 2026/27 we will receive a core set of funding flows from the Government via a single, consolidated funding pot, known as an Integrated Settlement. This will provide greater flexibility to decide how we spend money devolved to us, enabling us to make more strategic and joined-up investment to deliver our missions, grow the economy, and improve the lives of the people we serve.

It covers key areas of responsibility, including skills and employment support, housing and strategic planning, economic development and regeneration, environment and climate change, and transport and local infrastructure.

We will agree a single set of outcomes with Government for this funding and will monitor progress towards meeting these outcomes every 6 months. We are working with Government, and our local authorities, to finalise these and intend to include them, once they have been agreed, in a later version of the Local Growth Plan.

Beyond these outcomes, the North East CA expects to be judged on progress against a wider range of economic indicators, and we will use our full range of levers – including but not limited to the Integrated Settlement – to deliver this positive change.

In particular, we expect to be judged on the number of jobs created in our priority economic sectors. We expect to be judged on the percentage of people in our region with the right skills to access and benefit from these jobs, and the positive effect this has on household incomes. We also expect to be judged on the amount of affordable, high-quality homes and increased business activity we unlock through our interventions, and how this contributes to improved productivity.

These indicators will be underpinned by a clear evidence base, showing where progress is being made. We will report publicly on this annually, with data published at regular intervals.



Working together to deliver change

We will work with partners to consult on, and further develop, our propositions and delivery plans.

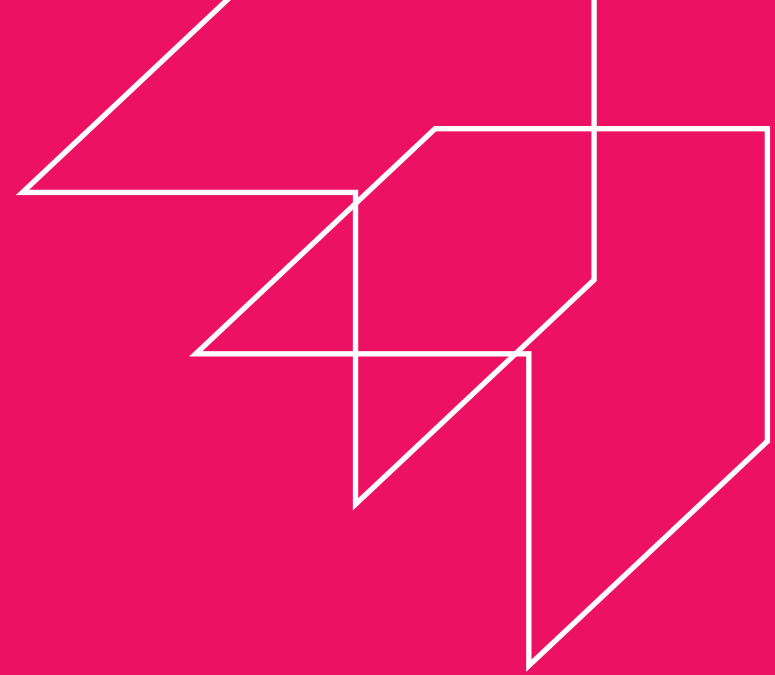
We will be guided by an ambitious vision of what the next 10 years could hold for the region; not just what the Combined Authority can do, but how we can work with partners to create real opportunity and to unlock the impact of our investments.

We are a proud and active participant in the 'Great North' partnership, and will work at a wider northern level to maximise the collective impact from the opportunities outlined in this Plan – from extensive offshore wind supply chains to creative sector collaborations.

We will steward private sector and inward investment by minimising risk and deploying an entrepreneurial mindset. This approach is already bearing fruit, with current opportunities of over £14 billion set to unlock thousands of new jobs, including through existing programmes, like the Investment Zone, and the new North East Investment Fund. We are investing in our capabilities and capacity to deliver at pace and demonstrating innovation, creativity and the wherewithal to take a nimble and lean approach to delivery. This includes working with partners, including the Government's Office for Investment, to accelerate our existing opportunities and to create new ones.

We are working with the Government to bring the benefits of further devolution to the region, including a new multi-year integrated funding settlement, which will not just bring together existing funding streams, but increase flexibility and unlock innovation to achieve better outcomes.

 Strong foundations	 Communities listened to
 Renewables revolution	 Future made here
 Stories told	 Scientific advances
 Analogue to digital	 Better skilled workforce
 Child poverty reduced	 More affordable homes
 Innovative and dynamic businesses	 Safe and secure region
 Better, greener transport	 Thriving countryside and coast
 Visitors flocking	 No one left behind



Creating Real Opportunity

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Title: Riverside Sunderland – Creative Mayoral Development Zone
Portfolio: All
Responsible Director: Henry Kippin, Chief Executive
Report Authors: Mags Scott, Director of Finance and Investment
 Phil Witcherley, Director of Economic Growth and Innovation

Purpose of the report

This paper seeks Cabinet’s approval for the development of the Riverside Sunderland Creative Mayoral Development Zone (MDZ) - a new strategic collaboration with Sunderland City Council to support the ongoing regeneration of the River Wear corridor – with a focus on unlocking new investment in housing, and urban development including creative sector growth.

Recommendations:

Cabinet is recommended to:

1. Endorse the creation of a Riverside Sunderland Creative Mayoral Development Zone (MDZ) outlined in this report – supported by revenue investment of up to £300,000 from the North East CA Investment Fund alongside matched investment from Sunderland City Council.
2. Agree that the Mayor, on behalf of the North East Combined Authority, works with the Leader of Sunderland City Council to facilitate regeneration and the attraction of investment into the Riverside Sunderland Creative MDZ.
3. Agree to request that Homes England joins and co-invests in this process as a strategic partner.
4. Delegate to the Chief Executive, in consultation with the Mayor, and the Leader and Chief Executive of Sunderland City Council, all operational decisions relating to the undertaking of this work, and the establishment of a strategic regeneration board as outlined in this report.
5. Note that any further investment by the North East Combined Authority related to the sites within the proposed Riverside Sunderland Creative MDZ will be treated in the usual way through the Single Assurance Framework in line with the North East CA’s constitution.

Executive Summary

The Mayor’s Local Growth Plan is clear about the need for devolution to unlock new jobs, good quality housing and economic opportunities for the region’s communities. The successful regeneration of the North East’s biggest urban centres is fundamental to achieving this. The great cities of Durham, Newcastle and Sunderland should be growth engines for the region and magnets for people, economic activity, culture and creativity.

That is why – alongside significant wider investment in transport, skills, housing and economic innovation across our towns, coast and countryside – this report is being brought to Cabinet. It follows Cabinet agreement to the establishment of a Mayoral Development Zone for Newcastle and Gateshead, and will be followed in due course by a proposition enabling accelerated growth in the city of Durham. At root, the proposition is simple – a new and deeper form of partnership that can accelerate the delivery of houses, commercial space and business growth – particularly in the creative industries - leveraging the power of devolution and strong local collaboration.

The Riverside Sunderland Creative MDZ – introduced in more detail below – builds on the successful delivery of phase one of the Riverside Sunderland regeneration programme. The 2020

Riverside Sunderland masterplan is now regarded as a benchmark for the regeneration of medium-sized UK cities, with phase one achieving over £560m in investment in the first five years, including more than £250m from the private sector. This includes a number of landmark achievements including the award-winning new City Hall, the transformational Keel Crossing, the newly opened Housing Innovation and Construction Skills Academy, and West Park, a new housing development unlocking 265 homes in the city centre.

This report outlines how a Mayoral Development Zone can play a key role in ensuring that the next stage of the regeneration programme is unlocked. It will have three key aims:

1. **Driving a collaborative 2040 vision for Riverside Sunderland:** working in partnership to ensure that the housing and infrastructure proposals outlined in the original 2020 masterplan are unlocked, and driving progress against a collaborative 2040 vision.
2. **Enabling the next stages of the Crown Works Studios project** – a regional priority that could deliver c.230,000 sq ft of production floorspace in its first stages – to grow our screen industries and complement new housing in a creative development zone unlocked by proactive support from Government.
3. **Inner-city regeneration** – unlocking thousands of high quality and affordable new homes with delivery of regionally significant public realm and enabling transport projects through the regeneration of neighbourhoods including Deptford, Old Sunderland, Sunnyside and St Peter's.

A Mayoral Development Zone is a collaborative structure – bringing the strength of Mayoral Leadership, Combined Authority focus and regional partnership to bear to support strong local leadership and development. It is an opportunity for the region to work more collaboratively than ever to unlock regionally significant regeneration in the heart of the city – recognising the interdependence of the region, the value of working closely with Government and investors, and the collective interest we all have in a thriving Sunderland economy.

A. Context

1. Policy Context

- 1.1. Through the Mayor's Local Growth Plan, which is being considered separately at this Cabinet meeting, Cabinet will confirm ambitious plans to grow the region's economy and create jobs and open up new opportunities for local people. It is clear from the evidence underpinning this work that we cannot achieve this plan without ensuring our main urban centres, including Sunderland, are in the best position to thrive and grow.
- 1.2. There is also a significant shift underway in national housing and regeneration policy, which has introduced a series of reforms to national planning policy and the funding landscape for housing and regeneration. Key initiatives include:
 - Reforms to national planning policy, including the introduction of the Planning and Infrastructure Bill.
 - The Devolution White Paper, now progressing through Parliament as the English Devolution and Community Empowerment Bill.
 - Development of a Spatial Development Strategy for the North East, within the framework set by the Planning and Infrastructure Bill (2025 draft), which will set out a long-term vision for land use, housing, infrastructure, environmental protection, and economic growth across the region.
 - Publication of 'UK Infrastructure: A 10-Year Strategy', setting out long-term priorities for national infrastructure investment.
 - A £39 billion commitment to the Affordable Homes Programme (of which £1.1 billion has recently been allocated to the north east), alongside a longer-term rent settlement to support social and affordable housing providers.

- Launch of 'A Decade of Renewal for Social and Affordable Housing', outlining a long-term vision for the sector.
- Announcement of a National Housing Bank, to be established within Homes England, with approximately £22 billion in financial capacity for lending, equity investment, and guarantees.
- An anticipated announcement of a new wave of New Towns in the Autumn, alongside broader support for the creation of dedicated delivery vehicles.
- Reforms to Local Government Pension Fund arrangements, partly aimed at increasing institutional investment in infrastructure and major development projects.

- 1.3. These policy shifts are taking place at a time when the role and function of city centres are evolving. Traditional retail is becoming less dominant, while innovation, leisure, and residential uses are growing significantly. These trends – alongside long-term shifts in the UK's macro-economy – are reshaping patterns of investment into the region

2. Context

- 2.1 Close and productive collaboration already frames the relationship between the North East CA and Sunderland City Council. This has been realised through joint investments – such as the redevelopment of Sunderland Rail Station, skills and innovation investments such as Made North East, and investment in high quality and affordable new homes in Hendon and Sheepfolds – and through collaboration on wider regional investments through the North East CA and its Investment Zone.
- 2.2 This is also reflected in respective approaches to urban regeneration and creative sector growth – showcased by the forthcoming opening of Culture House and the joint-working that has underpinned the early stages of the Crown Works Studios project. Supporting this kind of culture-led regeneration is central to the Mayoral Manifesto and to the original Riverside Sunderland Masterplan which was launched in 2020.
- 2.3 The 2020 masterplan focused on 33 ha of largely derelict land spanning the River Wear in the heart of the city. It set out proposals for residential development, the creation of a new central business district, and investment in civic, cultural and community facilities, complemented by a new footbridge across the River Wear and the restoration of the Galley's Gill landscape.
- 2.4 Sunderland City Council has undertaken a review of progress to date and considering the challenging conditions, including the impact of Covid and the recession, progress has been impressive, with many projects completed and others on site. Total investment in the first five years exceeded £560m, including more than £250m from the private sector. Key achievements include:
- a) The award-winning 190,000 sq ft City Hall was completed in 2021
 - b) Two state-of-the art modern office developments, Maker & Faber, were completed in 2025, providing 150,000 sq ft of workspace overlooking the River Wear; the developments were funded by Legal & General
 - c) Keel Crossing, a brand new walking and cycling bridge linking the heart of the city to the Stadium of Light, was opened in autumn 2025
 - d) West Park, a new inner-city neighbourhood of 265 homes on the site of the former Civic Centre, is nearing completion
 - e) Culture House, an 80,000 sq ft building in Keel Square will open in early 2026; it will be a "living room in the heart of the city", with a new library, immersive digital environments and spaces for learning, making and creativity
 - f) The Fire Station, a purpose-built performance venue, opened in 2021 and hosted a BBC Proms concert for the first time in 2025
 - g) New hotel and food and beverage outlets have opened in Keel Square, animating this central place in the heart of the city

- h) The Housing Innovation & Construction Skills Academy (HICSA), the North East's Construction Technical Excellence College, welcomed its first students in 2025
- i) The Riverside Multi-Storey Car Park, wrapped in an award-winning artwork by Tonkin Liu, opened in 2023 in Farringdon Row
- j) Sheepfolds Stables, a new social and events destination in a converted historic building, opened in 2024.
- k) Other projects currently under construction include the Sunderland Eye Hospital, a collaboration between Sunderland City Council and South Tyneside and Sunderland NHS Foundation Trust, the Vaux neighbourhood, the first phase of residential development at Farringdon Row and the restoration of Galley's Gill as an urban park.

3. Transforming the River Wear Corridor

- 3.1 The successful delivery of the Riverside Sunderland 2020 masterplan is a catalyst for an even more ambitious 2040 vision for the wider inner-city. Developments such as the West Park neighbourhood and the Nile+Villiers housing scheme in Sunnyside have already extended the original Riverside Sunderland boundary. The next phase of the Riverside Sunderland regeneration strategy will focus on transforming the River Wear corridor between the Northern Spire Bridge and the coast.
- 3.2 The lower Wear valley was for many years the heart of Sunderland's economic life, a centre for shipbuilding and repair, coalmining and exporting, rail freight, ropemaking, glassmaking, pottery, brewing and power generation. The demise of those industries in the second half of the 20th century left a legacy of dereliction and decay, now partially offset by the creation of the Enterprise Park and the North East Business & Innovation Centre (BIC), an important piece of regional enterprise infrastructure. Elsewhere, there are pockets of residential development and low amenity workspace, and some important heritage buildings and streetscapes survive; but it is a fragmented townscape with diminished natural capital and a degraded public realm.
- 3.3 The emerging Riverside Sunderland 2040 vision aims to build on the success of the 2020 masterplan to restore coherence, establish connectivity and celebrate the rich culture, heritage and landscape of Riverside Sunderland, by creating a dynamic, lively, walkable inner-city area extending from the Northern Spire bridge – the western gateway to the city – to the coast. Revitalising an area of this scale and complexity will be a huge undertaking: that is why the investment programme spans 15 years. Some elements of the emerging 2040 vision are already well advanced, but others will be brought forward using resources from a proposed project development fund.

4. A Creative Mayoral Development Zone for Riverside Sunderland

- 4.1 An effective partnership between the North East CA and Sunderland City Council will be key to maximising the impact of Riverside Sunderland 2040. The North East CA will provide regional perspective, strategic oversight and convening power - including coordination with other North East council areas - while SCC will bring local knowledge, delivery capacity and a proven track record, including successful partnerships with L&G, Capital & Centric, igloo regeneration, Placefirst and other private sector investors and developers.
- 4.2 Subject to further technical appraisal and development work enabled by the approval of this Cabinet paper, the next steps will be as follows:
- 4.3 A Riverside Sunderland Creative Mayoral Development Zone board will be created through which strategy and investment policy will be established. The MDZ Board will drive the development of the strategy, oversee the development of the Riverside Sunderland 2040 vision, and bring together senior representatives of Sunderland City Council, North East CA, Homes England and other key partners to unlock funding and investment.

- 4.4 A clear Riverside Sunderland 2040 vision will be co-developed, and through collaborative working will seek to:
- a) Complete regionally significant investments within the original 2020 masterplan – including the Vaux Housing development, the Sheepfolds neighbourhood, and a new high street mixed use development in partnership with Capital + Centric.
 - b) Deliver Phase 1a of the Crown Works Studios project – which will comprise an initial four sound stages and c.230,000 sq ft of floorspace to facilitate a growing pipeline of regional screen production and support supply chain growth.
 - c) Support Inner-City Regeneration along the River Wear corridor – unlocking thousands of high quality and affordable new homes with delivery of regionally significant public realm and enabling transport projects through the regeneration of neighbourhoods including Deptford, Old Sunderland, Sunnyside and St Peter's.
- 4.5 The MDZ Board will also consider its relationship to Siglion – Sunderland City Council's existing investment and development company – which will be reconfigured to reflect the ambitions set out in this paper and deliver the outcomes and objectives established by the Riverside Sunderland 2040 vision. There is then potential for a North East CA investment in this vehicle as a means of capitalising the specific regeneration project goals. Any such investment will be brought through the Strategic Assurance Framework for North East CA decision-making.

5. Oversight and performance management

- 5.1 In addition to its role in framing and championing the Riverside Sunderland 2040 vision, the MDZ Board will be responsible for operationalising the investment programme and monitoring its progress. The partners aim to co-design the investment programme and prepare an initial, 3-year investment prospectus which will establish the scale and necessary scope of future funding requirements. This key document will be translated into a detailed business plan for each 12-month period, including performance measures and targets.
- 5.2 The Board will receive regular progress reports from the Chief Executives of North East CA and SCC, monitoring the progress of activities and expenditure against the business plan, and it will also establish a formal monitoring and evaluation process. This will also include the capture of key data on social value attributable to Riverside Sunderland 2040.

B. Impact on Combined Authority Objectives

The North East CA will explore ways in which it can work together across the region to expedite regeneration and economic development – including the use of innovative development vehicles that can unlock investment and accelerate progress for communities. This will help to ensure parity of access for major regeneration opportunities across the region to North East CA support, including enabling finance; thereby supporting development and access to wider investment from other public sector partners and the private sector investment community.

C. Key Risks

A full risk assessment will be maintained throughout the lifetime of the programme.

D. Corporate Implications

D.1. Finance and other resources implications

Funding source	2026/27	Total
North East Combined Authority Investment Fund	£300k	£300k
Sunderland City Council	£300k	£300k
Total (£)		£600k

D.2. Legal implications

The Monitoring Officer's comments have been included in the report.

D.3. Equalities implications

The North East CA complies with the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

D.4. Consultation and engagement

This proposal has been developed in partnership with Sunderland City Council and its development will draw in other public sector partners including, but not limited to, the other regional local authorities, Homes England, other central government agencies and departments as appropriate, including from the business and voluntary and community sectors.

E. Appendices

None

F. Background papers

None

G. Glossary

None

Contact officer(s)

Louise Sloan, Assistant Director of Place louise.sloan1@northeast-ca.gov.uk

Title:	North East Visitor Economy – update and next steps
Portfolio:	Home to a Growing and Vibrant Economy
Responsible Director:	Phil Witcherley, Director of Economic Growth and Regeneration
Report Author:	Mark Adamson, Principal Manager – Sectoral Growth and Delivery

Purpose of Report

The North East Mayor is committed to making tourism and the visitor economy a core part of the region's growth plans, creating new jobs and opportunities for local people and helping businesses across the region grow. The Combined Authority's interim Local Growth Plan sets out the ambition to double the size of the North East's visitor economy over the next ten years.

This report sets out next steps regarding our growth plans for the North East visitor economy – including the organisational arrangements underpinning this and the evolution of the NewcastleGateshead Initiative (NGI), with the support of their Board – to provide a regional tourism body, working in collaboration with Local Authorities, the Local Visitor Economy Partnerships (LVEPs) in County Durham and Northumberland, and the private sector. This is in line with the clear policy direction from the region, endorsed by the North East Combined Authority Cabinet on 10th June 2025, towards a joined up and collaborative model enabling growth of our visitor economy and its cumulative economic impact to over £10bn.

Recommendations:

Cabinet is recommended to:

1. Note the contents of this report and agree to the proposed approach to take forward Experience North East England and the work on the North East visitor economy.
2. Note the proposed core functions, which will be the focus for Combined Authority funding:
 - a. Inbound Marketing – domestic and international
 - b. Product development
 - c. Event Strategic Management
 - d. Partnership development
3. Receive a further report this financial year, following further engagement with our partners in the region and the NGI Board, which sets out the investment requirements to deliver the strategic objectives, key functions and target outcomes for the new regional tourism body.

Executive Summary

This report sets out a proposed approach to growing the visitor economy, building on a review of current and potential future arrangements conducted on the North East Combined Authority's behalf by Newcastle International Airport. During this review, the Airport worked with regional and national stakeholders and the NGI team. This specifically focused on growth in the visitor economy, providing insights to build a transition plan. The next steps and recommendations in this report draw substantially from this work, in addition to wider policy work and engagement with Government, regional and local stakeholders.

NGI is a private company limited by guarantee and decisions about its future, including formal changes to its name, will be made by its Board. However, given the regional nature of its work, this report uses the working title of 'Experience North East England' to emphasise its new role. The Combined Authority will work with its Board and wider stakeholders over the coming months as it sets its long-term vision, financial and operational plan. This will allow us to prepare in a deliberate and substantial way for further devolution of visitor economy policy, resources and activities, so that the region is ready to act on the clear policy direction that the Mayor and Cabinet have set in this sector. The core mission for regional visitor economy activity is proposed as:

"To inspire and attract visitors to the North East by delivering innovative marketing, developing unforgettable experiences, and celebrating the Region's unique culture, landscapes, and people – driving sustainable economic growth and fostering pride in our communities."

A. Context

1. Story so far

- 1.1. We have a clear policy direction from the region, via the North East Combined Authority Cabinet, for a joined-up and collaborative model that will deliver growth in the regional visitor economy. This followed evidence-based work through the Destination Development Partnership (DDP) suggesting that a doubling of the region's visitor economy over 10 years is possible (from £6bn to over £10bn) with better aligned activities, structures and investment.
- 1.2. The above is set within the context of great regional assets – physical, natural, cultural, organisational – aligned with the brilliant work undertaken by regional partners including the Local Visitor Economy Partnerships, Local Authorities and industry partners. Collectively, those organisations have achieved considerable success in leveraging national government support (for example, landing the first Destination Development Partnership pilot following the De Bois review), but there is a clear and shared sense that more can be done with stronger region-wide partnership and an operating model to enable that.
- 1.3. The political decision-making is aligned with the above, with North East Combined Authority Cabinet agreeing in June 2025 the principle, outline model and funding to support a transition year (FY2025/26). The overall aim of this is a re-shaping and re-naming of NewcastleGateshead Initiative into a North East focused organisation driving growth for the tourism and visitor economy. The next step is therefore to develop a clear transition plan that follows this cross-party political mandate.
- 1.4. Mayor and Cabinet agreed further work should be undertaken to explore how best to undertake the following functions and activities:
 - a. National and international marketing
 - b. Strategic place marketing
 - c. Convention bureau and conferences strategy
 - d. National sector advocacy, partnerships and policy development
 - e. Regional Skills and Centre for Excellence in Tourism and Hospitality

Future consideration will be given to the potential for new functions following the period of re-design and stabilisation, comprising:

- f. Major events bureau

g. Analysis and promotion of sector infrastructure

- 1.5. The transition requires nuance, balance and an eye to future proofing the model. Real clarity and specificity on the activities, metrics and underlying resource needed to discharge the themes noted above are required; but also, recognition of the links to wider economic, social and place-based themes and ensuring protection of hard-won relationships with the private sector and national stakeholders.
- 1.6. It is proposed that future funding from the North East Combined Authority is focused on the visitor economy functions and to support major events where specifically required to by the Combined Authority; proposals will be taken through our Assurance processes in the normal fashion. It is recognised that NewcastleGateshead Initiative currently carries out work on the city visitor economy and inward investment promotion on behalf of Newcastle and Gateshead Councils, funded by a separate agreement. Wider regional inward investment and promotion activity will be led by the North East Combined Authority, working closely in partnership with the region's Local Authority inward investment teams.

2. Regional Support

- 2.1. This work will be taken forward in accordance with regional support to:
- a) Build on NewcastleGateshead Initiative and support it to transition from a primarily Newcastle and Gateshead based organisation into one that serves the whole North East Combined Authority region in the promotion of its visitor economy. This includes work on the attendant governance, financial and operational implications of this transition. NewcastleGateshead Initiative already plays a regional role in part of its work, including through hosting the Destination Development Partnership. The principal mandate here is to ensure that region-wide focus and benefits are intrinsic to its core business model and delivery functions, whilst respecting existing relationships and the sustainability of local arrangements.
 - b) Protect and grow the existing reputation as nationally leading, so that Destination Development Partnership status is retained, along with good relationships with the Department for Culture, Media and Sport (DCMS), and the region's reputation for entrepreneurship, creativity and innovation in visitor economy supply and demand-side activity.
 - c) Initiate this process with a review, which the North East CA's CEO asked Newcastle International Airport (NIA) to conduct on behalf of the region, and follow through with the board and team of NGI to plan and deliver the transition. The headline outcomes from this review are noted in the organisation review section below. We are very grateful to colleagues at the Airport for their preparedness to do this and for the thoroughness with which this work has been undertaken.
- 2.2. Cabinet requested that work is carried out to develop a medium-term plan and financial proposition to reflect the outcomes of the above process. It is proposed that this be done in two stages:
- 1. the first within this report of December 2025; and
 - 2. a budget aligned to specific transitional and medium-term activities to follow in early 2026.

This will mean we can be ready with a new organisation branded, launched and with appropriate governance transition underway, for the new financial year.

3. Key outcomes and recommendations from the organisational review

- 3.1. The Review was undertaken with the following core objectives in mind:
- optimise operational structure to improve responsiveness and delivery;

- improve collaboration with all our Local Authorities; maintain a strong Visit Britain relationship, and grow private sector partners;
- enhance data-driven decision-making and performance monitoring abilities;
- help position the North East more competitively in the global tourism market so it has greater impact on our economy; and
- identify early easy wins.

3.2. The review concluded that the organisation's core scope, and the focus of Combined Authority funding, should be on a relatively small number of areas directly related to the visitor economy, with the following core mission statement proposed to underpin the purpose of 'Experience North East England' and to provide the foundation for its KPIs:

"To inspire and attract visitors to the North East by delivering innovative marketing, developing unforgettable experiences, and celebrating the Region's unique culture, landscapes, and people – driving sustainable economic growth and fostering pride in our communities."

3.3. The review recommended that the core goals and objectives of 'Experience North East England' should initially be based around the following four core functions (further details of these functions are included in the appendices):

- **Inbound Marketing:** To become the North of England's top tourism destination, increasing UK and international visitor numbers.
- **Product Development:** To inspire every visitor, from business travellers and students to tourists and those visiting loved ones, with the full experience of the North East - its opportunities, its character, and its hidden gems, making it easy to explore and impossible to forget.
- **Event Strategic Management:** To lead the UK in profitable event delivery for mid-sized conferences, attracting high-value events and showcasing our region so that visitors keep coming back.
- **Partnerships:** Working in partnership across the region to deliver an outstanding service and offer to North East region visitor economy businesses.

4. A new organisation

4.1. We are clear that the region needs a new organisation, evolved from NewcastleGateshead Initiative and with an indicative name of 'Experience North East England'. The organisation should have a clearer and more carefully calibrated mandate around tourism promotion and growth in the North East visitor economy; a clearer 'product list' and set of core delivery functions to deliver this; and governance arrangements, leadership and financial model that are in line with these activities. Cabinet is asked to receive a further report this financial year, following further engagement with partners and the NGI Board, which sets out the investment requirements to deliver the strategic objectives, key functions and target outcomes for the new regional tourism body.

4.2. The Combined Authority will work with the NGI Board to reflect these changes including through:

- a. A fundamental shift in core activity towards much more demand-side activity (e.g. marketing of the region and promotion of its tourism assets in other places). This has been limited by the nature of the Destination Development Partnership funding which has not allowed for this type of activity to take place – this funding precluded direct marketing spend.
- b. Ensuring that there is clear separation between the core functions of Experience North East England and any activities which are carried out for Newcastle, Gateshead or other partners. Any such activities, which might include continuation of the NewcastleGateshead Local Visitor Economy Partnership and inward investment functions for Newcastle, should continue

under a specific agreement, on the basis that it does not adversely affect the core functions of the Experience North East England, and that there is a clear governance and appropriate separation of functions.

- c. The transition of skills development work related to the Visitor Economy to be led by the Combined Authority, aligned to the strategic priorities set out in the Mayor's employment and skills strategy 'New Deal for North East Workers'. Support for sectors within the foundational economy, specifically activity within the Visitor Economy, is a key strand within this strategy. It commits to expanding skills and training interventions to ensure people can capitalise on good quality jobs in this growing area, including through the proposed Centre for Excellence for Hospitality and Tourism.
- d. Clearly demarcated activities supporting 'place marketing' activity for the region in areas where this needs to continue –this might include, for example, supporting the Combined Authority in the delivery of the UKREiiF annual conference. This has become a critical part of the annual events calendar for Mayoral Combined Authorities and investors.
- e. Clearly specified agreements for anything else. For example, discrete, specific activity for particular geographies or sub-brands, so that these are treated separately in budgeting terms from the core activity delivered under the regional agreement.
- f. Working with the Northumberland and Durham Local Visitor Economy Partnerships to ensure that a coherent offer is provided to visitor economy businesses across the region. This approach should avoid duplication and ensure that businesses receive appropriate benefits. Businesses will continue to have a direct relationship with their 'local' Local Visitor Economy Partnership, and Experience North East England will also work with some organisations who have the most to benefit from increased international marketing opportunities. It is recognised that the development of a financial model for this work may take some time, but this approach acknowledges the opportunity that working across a wider region brings, whilst also ensuring that the current infrastructure is not destabilised.
- g. Governance arrangements reflecting these operational shifts, including an invitation for the Newcastle International Airport CEO to join the Board and the appointment of a Chair who will be responsible for ensuring the operational outcomes noted in this report are followed through and organisational leadership is fit for that purpose.
- h. A special advisory board should be created to oversee the regional Visitor Economy work to ensure that cross-regional voices are heard, including representation from Visit Northumberland and Visit County Durham. We are clear that this is an over-arching approach for the region, but there is a need for specific local place brands and business support. It is critical that partners in the region work together in collaboration and the LVEP Chairs will engage closely with the Experience NE England Board.

- 4.3. Active transition management and change management will be required for the current NGI team – excellent and capable people who have done a good job for the region for a long time. This transition should also ensure that UKREiiF 2026 is as successful as the 2025 event. Whilst we need to be clear about next steps and deliver expediently to ensure public value, we also need to take care to work with and approach this in the spirit of co-production where possible.

5. Funding and Finance

- 5.1. A substantive proposition for medium term Combined Authority funding for 'Experience North East England' will be brought to Cabinet for consideration in the new year, built around the following design principles:
- a. 'Experience North East England' will be a public-private partnership, with funding coming from a combination of the public sector (subject to legal / procurement considerations) and private sector contributions (such as subscription and contributions for specific events) and

other public sector funding (such as DCMS or Arm's Length Body funding like the Destination Development Partnership grant).

- b. The main financial agreement with the North East Combined Authority will be to cover visitor economy related activities and will be carefully budgeted as such.
- c. 'Experience North East England' will work with the largest visitor economy businesses in the region and will be asked to develop a financial model which acknowledges the opportunity that this brings, whilst ensuring that the current infrastructure complements this approach and is not financially destabilised.
- d. We will ensure that 'Experience North East England' delivers impact and value for money.

6. Conclusion and next steps

- 6.1. This report sets out proposals to take forward regional Visitor Economy functions, with the proposed core purposes of 'Experience North East England' being:
 - a. Inbound Marketing – domestic and international
 - b. Product development
 - c. Event Strategic Management
 - d. Partnership development
- 6.2. The next steps are to engage further with partners around implementation of these functions from April 2026, and for a further report to Cabinet that will set out the investment requirements to deliver the strategic objectives, key functions and target outcomes for 'Experience North East England'.
- 6.3. The Combined Authority will, alongside this, commission a regional identity framework for North East England which captures the collective spirit and values which unite our communities. This will provide a new identity that the new agency can use to underpin tourism marketing nationally and globally, within which local brands and offers can continue to flourish. It will also support wider work by partners to profile major events, attract investment, recruit and retain students and talent, and promote opportunity. By listening to people who live, work, and invest in our region, including those working in the visitor and hospitality sector, we aim to create a shared and coherent identity that supports the work of our partners and maximises their future marketing and communications.

B. Impact on North East Combined Authority Objectives

1. This proposal directly addresses the strategic priorities of the Combined Authority as outlined in the North East Deeper Devolution Deal, the Local Growth Plan and the Mayoral Manifesto.
2. The Deeper Devolution Deal explicitly highlights the region's ambition to develop the cultural, creative, tourism, heritage and sport sectors on a regional basis. Establishing a Regional Strategic Tourism body would operationalise this commitment by providing a strategic, coordinated approach to sector development across the North East. It would strengthen the coherence of the regional offer, enhance national and international visibility, and improve the ability of the sector to attract visitors, investment, and talent, delivering on the aspirations set out in the Deal.
3. Building on this foundation, the interim Local Growth Plan, conceives of the visitor economy as central to the mission to develop 'a North East we are proud to call home' and directly contributes to the region being the 'Home of a Growing and Vibrant Economy'. This mission seeks to create an inclusive and thriving region by removing barriers to opportunity, enhance quality of life, and strengthening local pride. The establishment of 'Experience North East England' as the regional body will support this mission by significantly increasing the volume of workforce and business support delivered in partnership with local partners, and by stimulating visitor demand through the cultivation of a compelling and cohesive brand narrative for the North East. In doing so, it will help realise the full potential of the visitor economy to change international perceptions of the region,

strengthen sustainable and networked infrastructure, deepening civic pride and reinforcing the North East's reputation as a vibrant and welcoming place to live, work and visit.

C. Key Risks

High level risks comprise:

- Financial: Delay in funding approval impacting on deliverability and commencement of activities in the timeframe proposed.
- Financial: Insufficient investment impacting on quality of delivery and impact delivered from across core functions, impacted by inability to secure match funding from public and private sources.
- Operational: Loss of staff expertise and/or failure to recruit to key positions and functions.
- Operational: Reduced or insufficient coordination between activities and functions at local and regional levels.
- Operational: Mission-creep resulting in too many functions or activities being undertaken impacting on strategic objectives and related key performance indicators.
- Reputational: Inadequate or poorly executed communications and advocacy impacting engagement and confidence from partners.

D. Corporate Implications

D.1. Finance and other resources implications

As referred to above, a substantive proposition for medium term funding for Experience North East England will be brought to Cabinet for consideration in the new year in advance of delivery arrangements and activities commencing in April 2026.

D.2. Legal implications

The comments of the Monitoring Officer have been included in this report.

D.3. Equalities implications

1. The North East Combined Authority follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.
2. The approach outlined provides the opportunity to build on the Regenerative Visitor Economy Framework, which sets out a shared understanding for regenerative tourism in North East England to drive sustainable and inclusive economic growth, including generating social benefits and value for local people and places as well incoming visitors to the region.

D.4. Consultation and engagement

In developing the proposals set out in this paper engagement has been undertaken with the following groups and organisations: LA7 Chief Executives; LA7 Economic Directors; Newcastle Gateshead Initiative Ltd Board and Senior Leadership Team; Local Visitor Economy Partnership (LVEP) boards and visitor economy businesses in those areas, and visitor economy businesses and stakeholders in local authorities not currently covered by an LVEP. Going forward, we will engage more widely with both the NGI team/Board and the private sector, before implementation.

E. Appendices

Appendix A – Proposed Core functions of Experience North East England (ENEE) as proposed by Airport Review.

F. Background papers

G. Glossary

AI	Artificial Intelligence
DCMS	Department for Culture, Media and Sport
DDP	Destination Development Partnership
DMO	Destination Management Organisation
ENEE	Experience North East England
LVEP	Local Visitor Economy Partnership
NGI	NewcastleGateshead Initiative
UKREiif	UK Real Estate Investment and Infrastructure Forum

H. Contact officers

Phil Witcherley, Director of Economic Growth and Innovation

Phil.Witcherley@northeast-ca.gov.uk

Mark Adamson, Principal Manager, Sectoral Growth & Delivery

Mark.Adamson@northeast-ca.gov.uk

Appendix A - Proposed Core functions of Experience North East England (ENEE), as set out in the Airport Review

<p>Inbound Marketing</p> <p><i>Vision: To become the North of England's top tourism destination, attracting more UK and international visitors than any other northern region.</i></p>	<p>Strategy:</p> <ul style="list-style-type: none"> • Create data-informed and targeted marketing campaigns • Correctly funding medium term destination marketing campaigns to a defined list of target markets, including Ireland which is currently excluded from plans • Target markets to be agreed using accurate, timely origin and destination demand data and based on customer profiles and based on ease of access to the Region via Road, Rail, Boat or Plane • Creating strong regional and sub regional brands working in partnership with LVEPs and Local Authority partners • Developing a fully AI-enhanced website to promote the region effectively with effective regional integration • Establishing a pan-regional LVEP • Ensuring NECA and our LVEPs and Local Authorities see the value in the destination activity by regular engagement and reporting • Recruiting an experienced team of creative marketers
<p>Product Development</p> <p><i>Vision: To inspire every visitor, from business travellers and students to tourists and those visiting loved ones, with the full experience of the North East - its opportunities, its character, and its hidden gems, making it easy to explore and impossible to forget.</i></p>	<p>Strategy:</p> <ul style="list-style-type: none"> • Having easily packaged, bookable products for each market segment • Signature itineraries e.g. 48 hours in the North East, Heritage Trail • Themed experiences: gastronomy tours, cycling etc • Hidden gems: Places that aren't obvious to first-time visitors • 'Stay longer' incentives • Having an AI enabled website that showcases all product options clearly and interactively with effective regional integration, and allowing direct booking • A Products subgroup of key stakeholders including representatives from LVEPs, Local Authorities, hotels, attractions, universities and Airport to develop defined offers
<p>Event Management</p> <p><i>Vision: To lead the UK in profitable event delivery for mid-sized conferences (400–600 delegates), attracting high-value events to our key sectors and showcasing our region so powerfully</i></p>	<p>Strategy:</p> <ul style="list-style-type: none"> • Enhance capability in new business developments, bookings process and event delivery • Alongside the Inbound Tourism strategy, develop focussed strategies around high value groups like corporate getaways and incentive travel, and supporting sports clubs to ensure regional benefit is maximised • Having a fully AI enhanced website enabling fly throughs and virtual tours of venues • Treating event attendees as future tourists at every touchpoint

<p><i>that visitors keep coming back.</i></p>	<ul style="list-style-type: none"> • Support Local Authority economy and tourism teams to assist them in improving their events success and legacy e.g. MOBO • Right sizing the convention bureau team.
<p>Partnerships</p> <p><i>Vision: To provide an outstanding service to North East region visitor economy businesses generating increased private sector subscriptions and undertaking work for all the LA7 under agreed SLAs</i></p>	<p><i>Strategy:</i></p> <ul style="list-style-type: none"> • Developing a visitor economy partnership tiered subscription model in partnership with LVEPs and Local Authorities • Signing up an enviable customer list of North East visitor economy businesses • Having concise and consistent targets for all partners including our Local Authorities • All subscribers to have a customer relationship manager who maintains regular dialogue and records performance • % of successful partnership marketing campaigns • ENEE will grow subscription revenue over the medium term in partnership with LVEPs and Local Authorities • Complimentary relationships with Visit Lake District/Scotland • A great relationship with Government and Visit Britain to influence policy and have access to future funding pots.

Title: Governance Update
Portfolio: All
Responsible Director: Alan Reiss, Director of Operations
Report Author: John Softly, Assistant Director Legal and Governance

Purpose of the report

This report seeks Cabinet's approval of changes to the Scheme of Officer Delegations in the North East CA's Constitution. It also seeks approval to create a framework to procure technical advice on appraisals linked to investments under the Single Assurance Framework, and to appoint a new non-executive director to the Nexus Executive Board.

Recommendations:

Cabinet is recommended to:

1. approve the revised Scheme of Officer Delegations set out at Appendix 1;
2. agree to the creation of a framework to secure technical expertise for appraising business cases related to the Single Assurance Framework, and delegate authority to the Director of Finance and Investment to appoint providers to the framework and award contracts under this framework; and
3. approve the appointment of Jacqueline Laughton as a Non-Executive Director to the Nexus Executive Board.

Executive Summary

This report seeks approval of a revised scheme of officer delegations to facilitate a more efficient and effective decision-making structure, as well as putting in place arrangements to ensure that the Authority can draw on the necessary capacity to assess business cases for investment. It also seeks approval to appoint a non-executive director to the Nexus Executive Board.

Context

1. Proposed changes to the scheme of officer delegations

- 1.1. At its first meeting in May 2024, the North East CA adopted its Constitution which included a scheme of officer delegations, which allows certain officers (referred to as Delegated Officers) to make decisions on behalf of the Authority. The current version of the scheme can be found at: [Part 2.7 - Scheme of Delegations \(15\) \(6\).pdf](#)
- 1.2. Since May 2024 the North East CA has grown, and working practices and procedures within the Authority have matured. It is proposed that the scheme of officer delegations is updated to reflect this. A proposed new scheme of officer delegations is attached at Appendix 1.
- 1.3. As with the current scheme of delegations, the Delegated Officers would continue to be the statutory officers (i.e. the Chief Executive as Head of Paid Service, the Director of Finance and Investment as Chief Finance Officer or section 73 officer, and the Assistant Director Legal and Governance as Monitoring Officer) and the Directors. The scheme of delegations consists of a set of general delegations to all delegated officers (GD1 to GD15), together with a set of specific delegations to each of the statutory officers reflecting their particular responsibilities.
- 1.4. In drafting the revised scheme, consideration has been given to the schemes of delegations of other mayoral combined authorities. The changes in the proposed new scheme of delegations are intended to set out more explicitly and clearly the scope of delegations to Delegated Officers at the same time as increasing the financial thresholds up to which delegated officers may make decisions

on matters such as the award of contracts and grant funding. These are considered appropriate to facilitate a more efficient and effective decision-making structure.

2. Single Assurance Framework

- 2.1. As part of the Devolution Deal, the North East CA established a Single Assurance Framework (SAF), which was agreed with HM Government. The SAF sets out our approach to decision-making and assurance, in relation to the allocation of all North East CA Investment Funds. The latest version of the SAF can be found at: [Single Assurance Framework](#)
- 2.2. A key requirement of government is that the North East CA has in place robust, detailed, 'Green-Book' style business case processes and that these are subject to rigorous appraisal which can include independent assessment where appropriate.
- 2.3. To support this requirement and enable the development and delivery of Cabinet-endorsed, strategic investments, it is proposed that a framework of providers is established to enable the North East CA to draw on external technical expertise to carry out these business case appraisals as required. The estimated value of the framework is £900,000 over four years, and it is proposed that this is funded through an annual £225,000 from the Technical Assistance Budget, which forms part of the Corporate Budget.
- 2.4. Cabinet is therefore asked to approve the commissioning of this framework and delegate authority to the Director of Finance and Investment to appoint providers to the framework and award contracts under the framework.

3. Appointment of Non-Executive Director to Nexus Board

- 3.1. Nexus, as the Passenger Transport Executive (PTE), is a separate corporate body to the North East CA and is governed by the Transport Act 1968. That Act provides that a PTE must have a Director General and a minimum of two, and no more than eight, other 'members'. Under the 1968 Act, the North East CA must appoint the "members" of Nexus. (NB: the Act specifically states that these members cannot be elected members of the Authority.)
- 3.2. In the organisational structure of Nexus, the Director General and members of Nexus constitute the Nexus Executive Board. The Nexus Executive Board is currently made up of:
 - a. Three Executive Directors of Nexus - these are the North East CA's Director of Transport (who holds the statutory role of Director General of Nexus); the Managing Director of Nexus; and the Director of Finance and Resources at Nexus; and
 - b. Five Non-Executive Directors, of which three are independent, remunerated Non-Executive Directors, and two are local authority chief executives.
- 3.3. Jacqueline Laughton was appointed as Chief Executive of North Tyneside Council on 2 October 2025. Her predecessor, Paul Hanson, was a member of the Nexus Executive Board and it is therefore recommended that Jacqueline Laughton is appointed as Non-Executive Director of the Nexus Executive Board in his place with immediate effect.

4. Conclusion and next steps Impact on North East Combined Authority Objectives

The proposals set out in this report will help to ensure the Authority operates effectively.

A. Key Risks

There are not considered to be any risks arising from the proposals set out in this report.

B. Corporate Implications

B.1. Finance and other resources implications

Aside from the allocation of £900,000 of the existing corporate budget to the proposed appraisal framework, there are no additional financial or resource implications in these proposals.

B.2. Legal implications

The Monitoring Officer is the author of this report.

B.3. Equalities implications

The North East CA complies with the Public Sector Equality Duty and due regard has been taken of the need to achieve the objectives set out under section 149 of the Equality Act 2010.

B.4. Consultation and engagement

The Mayor and Cabinet and have been consulted on the recommendations in this report.

C. Appendices

Appendix 1 Draft of revised scheme of delegations

D. Background papers

North East CA Constitution

North East CA Single Assurance Framework

E. Glossary

None

Contact officer(s)

John Softly, Assistant Director Legal and Governance and Monitoring Officer

John.softly@northeast-ca.gov.uk

Chrisi Page, Head of Investment Programmes

Chrisi.page@northeast-ca.gov.uk

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Part 2.7 – Scheme of Delegations

Introduction

1. Section 101 of the Local Government Act 1972 enables the Authority to delegate any of its functions to its officers. This part of the Constitution specifies those powers of the Cabinet which, for the time being, are exercisable from time to time by officers of the Authority and stating the title of the officer in question by whom the powers are exercisable.
2. Delegated Officers in the context of this Constitution means the Head of Paid Service, the Chief Finance Officer, the Directors and the Monitoring Officer.
3. A delegated power of a Delegated Officer set out in this Scheme may be exercised by other officers (“Authorised Officers”) authorised by the Delegated Officer to act on their behalf and in their name, provided that administrative procedures are in place to record the authorisation and monitor decisions taken.
4. The exercise of delegated powers by officers is required to be in accordance with:
 - a) statute or other legal requirements, including the principles of public law, the Human Rights Act 1998, statutory guidance and statutory codes of practice;
 - b) this Constitution including (but not limited to) the Cabinet Rules of Procedure, Financial Regulations and Commissioning and Procurement Procedure Rules currently in force;
 - c) the Authority’s Single Assurance Framework;
 - d) the revenue and capital budgets of the Authority, subject to any variation thereof which is permitted by the Authority’s Financial Regulations; and
 - e) any policy or direction of the Cabinet or any other committee acting in exercise of powers delegated to that committee by the Authority.
5. Officers may **not** exercise delegated powers where:
 - a) the matter is reserved to the Cabinet or Mayor by law or by this Constitution;
 - b) the matter is a function which cannot by law be discharged by an officer;
 - c) the Cabinet, or a committee, sub-committee or joint committee to which the Authority is a party, has determined that the matter should be discharged otherwise than by an officer; or
 - d) the Head of Paid Service has directed that the officer concerned should not exercise a delegated function in special circumstances.
6. Before exercising delegated powers, particularly on matters involving the reputation of the Authority, officers should consider the advisability of consulting the Head of Paid Service and/or the Mayor or (in their absence) Deputy Mayor.
7. Where, in relation to an item before the Cabinet, or a joint committee, committee or sub-committee, a Delegated Officer is given specific authority to determine a particular matter,

the officer should ensure that there is an appropriate audit trail to evidence such determination.

8. Any reference in this Scheme of Delegations to any enactment shall include a reference to any amendment or re-enactment of the same.
9. All decisions made by officers under delegated authority will be recorded in accordance with guidance provided by the Monitoring Officer.

A. General Delegations to all Delegated Officers

Operational matters

- GD1 To carry out the management of the functions of the Authority in accordance with the responsibilities allocated to the Delegated Officer.
- GD2 To seek any regulatory approval or other consent from an external party which is reasonably required to progress a project, scheme or programme which has been approved by Cabinet or any officer acting under delegated powers.
- GD3 To enter into confidentiality agreements, data sharing agreements and memoranda of understanding which relate to the management of the responsibilities allocated to the Delegated Officer subject to prior consultation with the Monitoring Officer.

Staffing

(Note: the exercise of delegations GD4 to GD6 shall be subject to the Delegated Officer complying with the Officer Employment Procedure Rules and the HR policies approved by the Head of Paid Service.)

- GD4 (Subject to acting within the approved budget) to create staffing positions to carry out the functions of the Authority for which the Delegated Officer has responsibility provided that the creation of a position at (or regrading to) JNC level or above shall be subject to prior approval by the Head of Paid Service and Chief Finance Officer
- GD5 To appoint officers to existing staffing positions within the areas for which the Delegated Officer has responsibility
- GD6 To manage staff within the areas for which the Delegated Officer has responsibility including (but not limited to) the following matters:
- health and well-being
 - leave
 - expenses
 - training and development
 - performance
 - grievances
 - discipline
 - redundancy and dismissal

Financial

(Note: the exercise of delegations GD7 to GD10 shall be subject to:

- a. the Delegated Officer complying with Financial Regulations (including the Commissioning and Procurement Procedure Rules), the Single Assurance

- Framework and such guidance as the Chief Finance Officer and Monitoring Officer may issue from time to time; and**
- b. there being sufficient provision in the appropriate budget to meet the costs arising from the exercise of the delegation.**

GD7 To manage such budgets as are allocated to the Delegated Officer

Contracts for goods, services of works

GD8 To authorise all stages of the procurement process for a contract for:

- a. goods and/or services up to a value of £1m;
- b. works up to a value of £1m.

GD9 To authorise the award of a contract for:

- a. goods and/or services up to a value of £1m;
- b. works up to a value of £1m.

GD10 To authorise (following prior consultation with the Chief Finance officer and the Monitoring Officer) extensions and variations to contracts where the value of the contract after the proposed extension or variation will not exceed £1m

Grants and loans

GD11 To award and sign a grant offer or agreement up to £1m;

GD12 To agree an increase in a grant offer or agreement where the value of the grant after the proposed extension or variation will not exceed £1m.

GD13 To award and sign a loan offer or agreement up to £1m;

GD14 To agree an increase in a loan offer or agreement where the value of the grant after the proposed extension or variation will not exceed £1m

GD15 To approve a variation of conditions attached to grant or loan funding where there is no material impact on the approved project or its outcomes, including (but not limited to) variations to:

- outputs and/or milestones (including their phasing);
- funding draw-down dates or repayment profile;
- key performance indicators (KPIs); or
- reduce the amount of funding provided.

Surplus or obsolete equipment

GD16 To authorise the disposal of surplus or obsolete equipment up to the value of £50k subject to prior consultation with the Chief Finance officer

Communications

(Note: the exercise of delegation GD17 shall be subject to the Delegated Officer complying with the Communications Policy approved by the Head of Paid Service.)

GD17 To respond to press and media enquiries, government consultations and correspondence, and requests for sponsorship or letters of (non-financial) support from external parties

B. Delegations to the Head of Paid Service

- HPS1 To discharge the functions of the Head of Paid Service in relation to the Authority as set out in section 4 of the Local Government and Housing Act 1989. The duties of the Head of Paid Service are to report to the Cabinet where necessary setting out proposals with respect to the coordination of the Authority's functions, the number and grades of staff required and the organisation, appointment and proper management of the Authority's staff.
- HPS2 To engage officers on behalf of the Authority to coordinate its functions (as set out in the Officer Employment Procedure Rules at Part 3.4 of this Constitution).
- HPS3 To discharge any function of the Authority which has not been specifically delegated to another officer, Committee or reserved to the Cabinet under Part 2.1 of this Constitution, and to direct any officer not to exercise a delegated function in special circumstances unless they are required to do so by law.
- HPS4 To take any operational action which is required as a matter of urgency in the interests of the Authority, following consultation (where practicable) with the Mayor (or, in their absence, the Deputy Mayor), the Monitoring Officer and the Chief Finance Officer.
- HPS5 To take steps to protect the rights and interests of the Authority following consultation with the Mayor (or, in their absence, the Deputy Mayor) in relation to any Bill or Statutory Instrument or Order in Parliament.
- HPS6 To conduct before either House of Parliament any proceedings (including the retention of Parliamentary Agents and Counsel) connected with the passage of any Private Bill which the Authority has resolved to promote or oppose, including the negotiation and agreement of amendments to any such Bill, and the negotiation and approval of any terms, agreement or undertaking offered in consideration of the Authority not opposing any Private Bill.
- HPS7 To nominate, appoint and remove, following consultation with the Mayor (or, in their absence, the Deputy Mayor), the Authority's representatives on the boards of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within the relevant constitutions.
- HPS8 To provide a comprehensive policy advice service to the Authority and, in particular, to advise on the Authority's plans and strategies included in the Budget and Policy Framework.
- HPS9 To control and co-ordinate press and media relations, the organisation of press conferences, publicity and public relations within prescribed policy including approval of the issue of all official Authority publicity and official publications.
- HPS10 To be the authorised representative of the Authority in respect of any company established pursuant to section 323 of the Companies Act 2006 (as amended) and any other company of which the Authority is a member or shareholder.
- HPS11 To take an urgent decision where a decision needs to be made urgently and it is not practical to convene a quorate meeting of the Cabinet or relevant committee or subcommittee of the Authority, following consultation with the Mayor (or, in their absence, the Deputy Mayor) the Chief Finance Officer and the Monitoring Officer.
- HPS12 To approve the Authority's HR, communications and other operational policies

Contracts for goods, services of works

- HPS13 To authorise all stages of the procurement process for a contract for:
- a. goods and/or services up to a value of £5m;
 - b. works up to a value of £5m.
- HPS14 To authorise the award of a contract for:
- a. goods and/or services up to a value of £5m;
 - b. works up to a value of £5m.
- HPS 15 To authorise (following prior consultation with the Chief Finance officer and the Monitoring Officer) extensions and variations to contracts where the value of the contract after the proposed extension or variation will not exceed £5m

Grants and loans

- HPS 16 To award and sign a grant offer or agreement up to £5m;
- HPS 17 To agree an increase in a grant offer or agreement where the value of the grant after the proposed extension or variation will not exceed £5m;
- HPS 18 To award and sign a loan offer or agreement up to £5m;
- HPS 19 To agree an increase in a loan offer or agreement where the value of the grant after the proposed extension or variation will not exceed £5m;

Surplus or obsolete equipment

- HPS 20 To authorise the disposal of surplus or obsolete equipment up to the value of £100k subject to prior consultation with the Chief Finance officer

C. Delegations to the Chief Finance Officer

- CFO1 To effect the proper administration of the Authority's financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally.
- CFO2 To take all action required on borrowing, investment and financing subject to the submission to the Cabinet of an annual report of the Chief Finance Officer on treasury management activities and at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes.
- CFO3 To effect all insurance cover required in connection with the business of the Authority and to settle all claims under such insurances arranged for the Authority's benefit.
- CFO4 To prepare manuals of financial and accounting procedures to be followed by officers of the Authority and the constituent councils working on Authority matters.
- CFO5 To accept grant offers on behalf of the Authority, subject to all the terms and conditions set out by the grant awarding body.
- CFO6 To submit all claims for grant to the UK Government or other bodies .

- CFO7 To make all necessary banking arrangements on behalf of the Authority, to sign all cheques drawn on behalf of the Authority, or make arrangements for cheques to be signed by other officers or to arrange for such cheques to bear the facsimile signature of the Chief Finance Officer.
- CFO8 To monitor capital spending and submit a report to the Cabinet at not more than quarterly intervals. This report will separately identify the capital expenditure relating to schemes promoted by the Authority.
- CFO9 In relation to revenue expenditure under the control of officers, to consider reports of officers on any likely overspending, and to approve transfers between expenditure heads up to a maximum of £25,000, provided that, where it is not possible to finance an overspending by such a transfer, the matter shall be referred to the Cabinet for consideration of a supplemental estimate.
- CFO10 To collect all money due to the Authority and write off bad debts.
- CFO11 To supervise procedures for the invitation, receipt and acceptance of tenders.
- CFO12 To administer the scheme of Mayoral and other allowances.
- CFO13 To discharge the functions of the 'responsible financial officer' under the Accounts and Audit (England) Regulations 2015 including the requirement under Regulation 8(2) to sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the Authority at the end of the year to which it relates and of the Authority's income and expenditure for that year.
- CFO14 To discharge the functions of the Authority under the Accounts and Audit (England) Regulations 2015 (with the exception of Regulations 4(3), 6(4) and 8(3)).
- CFO15 To sign certificates under the Local Government (Contracts) Act 1997.
- CFO16 To be the officer nominated, or to nominate in writing another officer, as the person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any Regulations made thereunder.
- CFO17 To determine an amount (not exceeding £5,000) being the maximum sum which the Authority will receive in cash without the express written consent of the Chief Finance Officer.
- CFO18 To exercise the responsibilities assigned to the Chief Finance Officer in the Financial Regulations.
- CFO19 To determine requests by Nexus (the Passenger Transport Executive) for the Authority's approval to dispose of land (whether absolutely or for a terms of years) under section 10(1)(xxiii) of the Transport Act 1968, up to a value of £500,000 per transaction.
- CFO20 To exercise the rights of the Authority under the Project Agreement with TT2 for the Tyne Tunnels crossing (dated 23 November 2007) relating to the award and/or waiver of Performance Points and Lane Closure Points (as defined within the Project Agreement).

CFO21 To approve (in consultation with the Monitoring Officer) the assignment or novation of a contract or other agreement.

Supporting the Audit Regime

CFO22 To support the Audit and Standards Committee by:

- a) providing or procuring independent assurance on the effectiveness of the risk management framework and the associated control environment;
- b) providing or procuring independent examination of the organisation's performance and how this affects the Authority's control environment and its exposure to risk; and
- c) overseeing the financial reporting process.

D. Delegations to the Monitoring Officer

MO1 The Monitoring Officer is authorised to:

- a) institute, defend or participate in any administrative action and/or in any legal proceedings;
- b) sign (or seal) any document in any case where such action will facilitate the carrying out of decisions of the Cabinet; or in any case where the Monitoring Officer considers that such action is necessary to protect the Authority's interests, or to further or achieve the objectives of the Authority; and
- c) settle or otherwise compromise any administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.

MO2 After consulting with the Head of Paid Service and Chief Finance Officer, to report to the Cabinet if he/she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration as determined by the Local Government Ombudsman. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

MO3 To provide a comprehensive administrative service to the Authority.

MO4 To accept on behalf of the Cabinet in-year changes to the membership of Cabinet, committees, sub-committees, joint committees, advisory boards/working groups and external bodies. These changes must be notified in writing to the Monitoring Officer and will be effective when receipt of the notification is acknowledged in writing by the Monitoring Officer.

MO5 To make minor changes to the Constitution and its associated documents to reflect organisational changes or other changes approved by Cabinet, or legislative changes when the power remains unaltered.

- MO6 To make any textual or grammatical corrections to the Constitution and its associated documents.
- MO7 To attend any meeting of the Cabinet and its committees, subcommittees, advisory boards and working groups.
- MO8 To require officers to provide access to documentation in their possession insofar as this is necessary for the Monitoring Officer to discharge their functions.
- MO9 To commission external legal advice as appropriate.

- MO10 To authorise officers who are not admitted solicitors to appear in the Magistrates' Courts on behalf of the Authority (under section 233 of the Local Government Act 1972)

Supporting the Standards Regime

- MO11 To be the Proper Officer for receipt and acknowledgement of complaints of failure to comply with the Members' Code of Conduct under the Authority's adopted local arrangements.
- MO12 To receive and review complaints received in respect of any alleged breach by a Member of the Code of Conduct for Members and to act in accordance with the Authority's adopted local arrangements.
- MO13 To conduct or arrange for investigations to be conducted into alleged breaches of the Members' Code of Conduct and, as appropriate, to submit reports to the Audit and Standards Committee in accordance with the Authority's adopted local arrangements.
- MO14 To undertake informal resolution of such complaints in accordance with the Authority's adopted local arrangements.
- MO15 To grant urgent dispensations to members and co-opted members from requirements relating to interests set out in the Members' Code of Conduct.