



***HOUSING, ENVIRONMENT AND HEALTHY
COMMUNITIES OVERVIEW AND SCRUTINY
COMMITTEE AGENDA***

Monday, 11 September 2023 at 1.30 pm in the Bridges Room - Civic Centre

From the Chief Executive, Sheena Ramsey

Item Business

1 Apologies for Absence

2 Minutes of the last meeting (Pages 3 - 8)

3 Lifelong Learning (Pages 9 - 10)

Report of the Strategic Director of Children's Social Care and Lifelong Learning

4 Community Safety Priorities Update / Progress Report (Pages 11 - 18)

Report of the Director of Public Health

5 Parking Enforcement Update Report (Pages 19 - 20)

Report of the Strategic Director of Housing, Environment and Healthy Communities

6 Work Programme (Pages 21 - 24)

Joint report of the Chief Executive and the Strategic Director of Corporate Services & Governance.

Information Only Item:

7 Brexit Update (Pages 25 - 36)

Report of the Strategic Director of Economy, Innovation and Growth.

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

HOUSING, ENVIRONMENT AND HEALTHY COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE MEETING

Monday, 19 June 2023

PRESENT: Councillor B Clelland (Chair)

Councillor(s): T Graham, A Geddes, F Geddes, D Burnett,
H Weatherley, H Kelly, J Turnbull, K Dodds, S Dickie,
V Anderson, P Maughan, A Wintcher, S Gallagher, K Walker
and L Brand

APOLOGIES: Councillor(s): D Welsh

CPL69 CONSTITUTION

The Constitution of the Committee for municipal year 2023/24 was noted.

CPL70 MINUTES OF THE LAST MEETING

The minutes of the last Committee held on 15 May 2023 were agreed as a correct record.

CPL71 ROLE & REMIT

The remit and terms of reference of the Committee as previously agreed by the Cabinet and Council were noted.

**CPL72 PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK - YEAR
END PERFORMANCE 2022-23**

The Committee received a report which provided them with the Council's Performance and Improvement Framework, reporting performance on the delivery of Council priorities for the period April 2022 to March 2023. It also provided an overview of performance relevant to the role and remit of this Committee.

The analysis of performance for 1 April 2022 to 31 March 2023 against each of the 6 policy objectives of the Health & Wellbeing Strategy and the Balanced Scorecard was set out at Appendix 1. Areas of particular relevance to this Committee were highlighted in the report however, the full Performance Management & Improvement Framework is provided to enable members to see the full picture of performance across all priority areas at Appendix 1.

The report outlined the challenges, achievements, actions and resources for each policy objective. It also contains performance data including strategic and operational measures and is informed by qualitative and quantitative assessment to inform policy and resource decisions.

A review of measures is being undertaken to understand where changes may be needed to ensure the PMIF remains robust, particularly where data is still not available for reporting.

Following a request in June 2022, for additional support in relation to the Performance Management and Improvement Framework, the Commercialisation and Improvement team are working with the Workforce Development team on a focussed training session for councillors. A training brief has been drafted and is being shared at the next meeting of the Councillor Support and Development Group (date TBA) for their consideration. It is intended that this training opportunity will be delivered in late September.

In addition to the report the Committee received a presentation on the Deep Dive area: Update on Apprenticeships. The Committee were advised on the national picture and the current position in the Council with regard to apprenticeships.

Details were also outlined on recent trends in number of apprentices and levy spend, the barriers to apprenticeships and entry requirements as well as actions to increase apprenticeship numbers and the apprenticeships delivered by colleagues from Learning and Skills.

- RESOLVED -
- i) That the information be noted
 - ii) The Committee welcomed the year end performance report attached to the main report at Appendix 1 and deep dive presentation: Update on Apprenticeships
 - iii) The Committee recommended the performance report to Cabinet for consideration on 18 July 2023

CPL73 HOUSING DESIGN AND ENERGY EFFICIENT STANDARDS

The Committee received a report advising them about the regulations relating to housing design and energy efficiency.

In response to its commitment to Net Zero by 2050, the Government have introduced targets to reduce carbon emissions by 80% by 2050. As 17% of national emissions come from heating, heat and buildings will need to be de-carbonised to meet the net zero target by 2050.

The energy efficiency of new housing and for works to existing houses is controlled via the Building Regulations 2010 and the Building Act 1984.

In 2021 Building Control Approved Documents were amended with interim guidance prior to further, more extensive Future Homes Standards coming into force in 2024/25.

Since June 2022, new development must comply with the guidance set out in approved documents parts F, L, O and S:

- Part F – requires improved ventilation

- Part L – relates to the conservation of fuel and power
- Part O – requires measures to prevent overheating
- Part S – requires new homes to provide infrastructure for charging EV's

The Future Homes Standard is currently being drafted and could include measures such as mandatory low carbon heating systems, higher energy efficiency standards, higher insulation requirements.

RESOLVED – That the information be noted

CPL74 HOUSING KEY PERFORMANCE INDICATOR TARGET SETTING 2023/24

The Committee received a report which provided an update on proposed targets for the suite of HEHC Key Performance Indicators (KPI) targets 2023/24.

To ensure that the suite of HEHC KPI's remain relevant, challenging and support delivery of key objectives a review was carried out in 2022/23 and a report was presented and agreed by this group on 7 November 2022.

The Committee were advised that it was also agreed that the revised KPI suite would reflect the introduction of the Tenant Satisfaction Measures (TSM's) by the Regulator of Social Housing (RSH). The TSMs will provide a new system for assessing how well social landlords in England are providing good quality homes and services.

There are 22 tenant satisfaction measures in total. 10 of these will be measured by landlords directly, and 12 will be measured by landlords carrying out tenant perception surveys. It is mandatory for all social landlords including Local Authorities to collect, publish and submit performance to the Regulator of Social Housing.

The Committee were informed that there are a further 22 KPI's that will be measured and reported that support delivery of the strategic aims of the Directorate.

HEHC Service Directors met on 23 May 2023 to review and ensure the 2023/24 KPI's suite remained relevant, aspirational and realistic. Below are the proposed changes to the KPI suite presented and agreed by this group on 7 November 2022.

It was considered that the following KPI's should be removed as they are reported via the Council's Performance Management Information Framework (PMIF). To lessen the burden of Elected Members receiving the same performance data by two different performance reports it was considered by HEHC Service Directors that these indicators should be removed from the HEHC specific Performance report and would continue to be reported via the PMIF:

- % of new homes built against annual housing requirement
- % of new homes built that are affordable by the council
- % of new homes built that are affordable by RP's
- % of new homes built that are affordable by developers

The Appendix attached to the main report set out in detail the revised suite of KPI's

and their proposed target. A comments field provides relevant information on what specifically informed the proposed target.

The Committee were informed that a future report will be brought to this group regarding the Building Safety Compliance Key Performance Indicators and their 2023/24 targets.

The Committee were advised that all targets have been reviewed using SMART methodology. To ensure that targets set are challenging and demonstrates the Council's commitment to improve service delivery a number of factors are considered.

Where performance data is available for 2021/2 and 2022/23 it is used to identify trends to help inform 2023/24 targets.

In addition, benchmarking data from HouseMark is used to identify our current quartile position and compare current performance against the wider housing sector. We aim to improve our performance towards the top quartile or the next available quartile in the shortest possible time, except where we are performing at top quartile already.

For indicators where no benchmarking comparisons exist or previous performance data, we have set targets at a level that we feel is achievable and appropriate taking into consideration any influencing factors.

- RESOLVED -
- i) That the information be noted
 - ii) The revised set of KPI's and their targets for 2023/24 were agreed

CPL75 CHANGING FUTURES, MCN AND HOMELESSNESS (PRESENTATION)

Changing Futures Northumbria

The Committee received a presentation from Mark Smith, Director of Public Service Reform on 'Changing Futures Northumbria'

The project is a £64m funded national systems change programme from DLUHC/Lottery until March 2024 and comprises of 15 projects nationwide.

The focus is upon identifying ways of improving outcomes for adults with multiple and complex needs, services and the wider system, and is driven by the estimated 363,000 people experiencing multiple disadvantage who see no benefit from their engagement with the system.

Results are already being felt with reduced repeat presentations to touchpoint services & other services (75% reduction in presentations to alcohol team in SST), improved citizens engagement with services, a reduction in individual citizens rates of offending, personal changes with individuals around how they view themselves and others and some services defaulting to yes when provided with context.

The Committee were advised that there are two years to go, with building evidence both historical and impact and a desire to inform future policy, structure and provision.

Further updates will be presented to the Committee as the project develops.

People at the Heart Programme

Suzanne Henderson provided the Committee with a presentation on the 'People@theHeartProgramme' which is a jointly funded 2-year programme, reporting to the Gateshead Cares System Board. The Committee were advised that the aims of the programme are:

- To facilitate services to deliver to the people when they need it
- Right door every time
- Bringing the system together to remove any barriers as they arise for people
- Peer training and development for all staff
- Strength based and psychologically informed practices
- To link and support interdependencies around health inequalities, transformation, changing futures and housing review
- Opportunities for people to engage in support when in transitional services
- Increase workforce engagement and sharing lessons, and
- Looking at a person's needs holistically as opposed to individual services addressing individual needs

The Committee were advised of work to date, work stream development and next steps.

Further updates will be presented to the Committee as the project develops.

Homelessness Review

Amy Davis provided the Committee with a presentation which outlined the Homelessness Review. The Committee were advised on the background and work to date, the next 12 months, the floating support review, the person-centred floating support and details of links between the reviews

Further updates will be presented to the Committee as the project develops

RESOLVED – That the information be noted

CPL76 WORK PROGRAMME

The Committee received a report which provided details on development of the work programme for OSC's and the provisional work programme for Housing, Environment and Healthy Communities OSC for the municipal year 2023/24.

The proposed 2023/24 work programme was attached to the main report at Appendix 1 and remains provisional as:

- Cabinet may wish to refer further issues to Overview and Scrutiny Committees for further consideration
- It does not take into account of new policy issues which may be identified during the year, which Cabinet may wish to refer to Overview and Scrutiny, and
- It does not include issues identified by members of committees on an ongoing basis during the year as a result of scrutiny decisions, call in and councillor call for action.

- RESOLVED -
- i) That the information contained in the annual work programme report be noted
 - ii) The Committee endorsed the Overview and Scrutiny Committee's provisional work programme for 2023/24 attached at Appendix 1, subject to any amendments arising from consideration of Appendix 2, and refer it to Council on 20 July 2023 for agreement
 - iii) The Committee noted that further reports will be brought to the Committee to identify any additional issues which the Committee may be asked to consider

TITLE OF REPORT: Lifelong Learning

Purpose of the Report

1. To provide an overview to the Housing, Economy and Health Communities OSC of Gateshead Council's post-16 education offer and the impact on residents.

Background

2. Gateshead Council's post-16 education offer has evolved over the last 20 years from a small community learning offer to being one of the largest local authority providers in England.
3. The majority of our funding comes from the Education Skills Funding Agency, The Department for Education, and the North East Combined Authority. Smaller one-off or short-term projects are funded through (previously) the European Social Fund, Community Renewal Fund and the UK Shared Prosperity Fund.
4. Education for residents includes the following provision:
 - a. Community and Family Learning, delivery in over 40 community venues, schools, and learning centres across Gateshead, including specialist provision for adults with learning disabilities
 - b. Apprenticeships and work-place learning, working with over 350 employers each year. We are the largest local authority provider of Apprenticeships in England
 - c. Employability and Careers provision which includes the Council's statutory Information Advice and Guidance team, and employability programmes for learners aged 16+
 - d. Essential Skills programmes including English, maths, digital skills and English for speakers of other languages
5. Funding is for both qualification-based learning and for learning that leads to improved outcomes, such as better community cohesion and improved well-being.
6. The focus of our provision is to help those most disadvantaged, in low-waged employment, have low or no qualifications, or least likely to participate in education. 49% of our learners live in a deprived postcode area, 44% have a learning difficulty, disability or long-term health concern and 2 out of 5 adults are unemployed.
7. Post-16 provision makes a huge impact on individuals, their families, the community and wider region. There are numerous studies demonstrating education, irrespective of age when undertaken:
 - a. Increases earnings by up to 22%, especially for those undertaking a level 3 qualification

- b. Investment in education for women yields higher rates of return than investment in men's, although this can vary by age and type of programme
- c. Having a level 2 qualification offers better protection against weak labour markets, whereas adults with qualifications at level 1 or below suffer the greatest

Recommendations

- 8. The Housing, Environment and Healthy Communities OSC is asked to
 - a. Notes the clear benefits to individuals, communities and employers of adult education
 - b. Recognises the unique and high-quality service offered by Gateshead Council

Contact: Melanie Crosby Principal of Learning and Skills x8650

TITLE OF REPORT: Community Safety Board – Strategic Priorities 2023/24

1. Purpose of the Report

- 1.1 This report provides Housing, Environment and Healthy Communities Overview and Scrutiny Committee with an overview of some of the key activities that have been co-ordinated on behalf of Gateshead Community Safety Board since April 2023 to tackle the strategic priorities outlined within Partnership Plan 2023/24.
- 1.2 The purpose of the report is to seek the views of the Housing, Environment and Healthy Communities OSC and for members to identify any key issues/areas they wish to scrutinise in detail at a future meeting.

2. Background

- 2.1 As a reminder, the Community Safety Board is a standalone statutory partnership made up of representatives from Responsible Authorities (including police, local authority, fire and rescue, health, and probation service). These agencies work together to protect local communities from crime and disorder and help people feel safe. The Board’s core statutory functions are to:
- address crime and disorder (including anti-social behaviour and behaviour which adversely affects the environment).
 - combat the misuse of drugs, alcohol, and other substances.
 - reduce re-offending.
 - tackle serious violence.
- 2.2 The Board also has a statutory duty under Crime and Disorder Act to produce an annual intelligence-led Strategic Assessment (an assessment of need based on data) along with a Partnership Plan (which sets out the priorities and activity that will be undertaken by the Board to address its core statutory functions). A copy of the Partnership Plan 2023/24 has previously been presented to Committee.
- 2.3 The strategic themes/priorities agreed by Community Safety Board for 2023/24:

| STRATEGIC THEME 1: Tackling Serious Violence | STRATEGIC THEME 2: Thriving Communities | STRATEGIC THEME 3: Protecting People from Harm |
|--|--|--|
| Serious Violence & Knife Crime Domestic Abuse & VAWG Serious & Organised Crime | Anti-Social Behaviour Locality Working Reducing Re-offending | Hate Crime & Tensions Preventing Radicalisation Combatting Drugs |
| STRATEGIC THEME 4: Strengthening Governance & Accountability Arrangements | | |
| Community Safety Review | Strategic Assessment | Information Sharing |

3 Crime Performance

3.1 The table below shows crime and disorder performance in Gateshead from April through to July 2023:

| Offence Type | Current (Apr-Jul23) | Previous (Apr-Jul22) | Change (Vol) | Change (%) |
|--|---------------------|----------------------|--------------|------------|
| All Crime | 6,854 | 6,614 | +240 | +4% |
| Violence against the person - Without injury | 1,835 | 1,680 | +155 | +9% |
| Violence against the person - With injury | 787 | 786 | +1 | +0% |
| Violence - Other | 52 | 54 | -2 | -4% |
| Sexual offences | 246 | 220 | +26 | +12% |
| Theft and handling | 1,261 | 1,177 | +84 | +7% |
| Criminal damage | 930 | 899 | +31 | +3% |
| Public disorder | 738 | 725 | +13 | +2% |
| Vehicle crime | 392 | 503 | -111 | -22% |
| Burglary | 335 | 367 | -32 | -9% |
| Drug crime | 137 | 103 | +34 | +33% |
| Other | 141 | 100 | +41 | +41% |
| Adult-related ASB | 1543 | 1475 | +68 | +5% |
| Youth-related ASB | 544 | 448 | +96 | +21% |
| Total ASB | 2087 | 1923 | +164 | +9% |
| Deliberate Secondary Fires | 332 | 380 | -48 | -13% |

Source: Local Authority LALO Report provided by Northumbria Police Corporate Development Department (Apr-Jul23)

3.2 Recorded crime in Gateshead has increased by 4% (+240 crimes) which is lower than 7% increased experienced across Northumbria. Violent offences continue to account for the highest proportion of crime in Gateshead and increased by 6% on last year. Theft and handling, drug-related crime, sexual offences, and offences of criminal damage have increased in this reporting period compared to last year – reductions reported in vehicle-related crime and burglaries. There has been an 13% fall in the number of deliberate secondary fires reported in Gateshead. ASB has risen by 9% (three-quarters of all reported ASB committed by adults). Youth-related ASB increasing by 21% (+96 incidents).

3.3 The Safer Communities Survey is used to help capture resident perceptions and feelings of safety across Northumbria in relation to crime and disorder. The latest results (covering Apr-Jun23) shows that Gateshead experiences low/poor results for several of the recorded measures compared to Force average – including:

Perception of Neighborhood (Ghd vs (Force))

- 38% (28%) feel their neighbourhood has got worse in the last 12 months.
- 29% (24%) think ASB is a very or fairly big problem in their neighbourhood.
- 29% (35%) think the Police presence in their area is about right.
- 92% (95%) feel very or fairly safe living in their neighbourhood.

Perceptions of Police and Council (Ghd vs (Force))

- 78% (82%) are satisfied with their neighbourhood as a place to live.
- 67% (80%) agree Police can be relied on to sort out problems.
- 63% (70%) think Police do a good or excellent job in their neighbourhood.
- 33% (42%) think Council do a good or excellent job in their neighbourhood.

4 Progress to date

4.1 Each identified priority was allocated a Strategic Lead by Gateshead Community Safety Board to provide strategic oversight and direction and to deliver improved outcomes within their respective priority area. The Strategic Leads have provided the following snapshot of the activities undertaken in 2023/24:

STRATEGIC THEME 1: Tackling Serious Violence

Serious Violence (*Strategic Lead: Steven Hume – Northumbria Violence Reduction Unit*)

- Revised Strategic Needs Assessment has been developed/agreed by Northumbria-wide Strategic Violence Reduction Board.
- Year 5 Serious Violence Response Strategy has been agreed and is currently being implemented across Northumbria – delivering a range of diversion, prevention, and enforcement activities to reduce violence in our region.
- Implementation plans for the Serious Violence Legal Duty have started within all 6 LA areas. This will include co-ordination of a series of consultation events that will bring together key stakeholders to develop localised Serious Violence Action Plans.
- Two-year seasonal violence funding agreed to provide additional interventions in key hotspot areas during peak times throughout the year (including commissioning of youth outreach and diversionary activities within hotspot locations).
- Delivered dedicated prevention sessions on knife crime and exploitation across most secondary schools in Gateshead.
- Established a Serious Violence Data Hub for the Northumbria region to help improve our collective understanding, sharing, and analysis of information.
- Police and Crime Commissioner has recently launched the 'Knives Impact Everyone' awareness campaign which aims to highlight the devastating consequences carrying a knife can have, as well as pointing people to support and advice.

Domestic Abuse (*Strategic Lead: Jill Lax – Northeast and Cumbria Integrated Care Board*)

- Gateshead Local Domestic Abuse Partnership Board (chaired by Chief Executive, Sheena Ramsey) and Gateshead Domestic Abuse Strategy Delivery Group (chaired by ICB Designated Safeguarding Lead for Adults, Jill Lax) have been re-established to progress statutory work required as part of the Domestic Abuse Act 2021.
- Strategic Housing, with support from Community Safety, have developed a commissioning and procurement plan for domestic abuse supported accommodation, in line with the Safe Accommodation duties within the Domestic Abuse Act 2021.
- Community Safety have commissioned a further 3 Domestic Homicide Reviews and completed 2 x Domestic Abuse Learning Reviews with key partners.
- Gateshead Council continue to support the VRU with Northumbria-wide learning from DHRs to identify opportunities for joint projects, funding, campaigns, and strategic collaboration across Northumbria.
- Gateshead Council continue to offer an in-house Domestic Abuse Service, providing specialist support to victim/survivors of any gender, and their children. Gateshead Domestic Abuse Service also deliver a Behaviour Change Service which provides 1:1 intervention with perpetrators of domestic abuse.
- Gateshead Council has commissioned a 6-month strategic review of domestic abuse (ending December 2023) to ensure we are delivering an effective and sustainable model across the Council.

Serious and Organised Crime *(Strategic Lead: Superintendent Pitt – Northumbria Police)*

- Continue to support disruption of Serious and Organised Crime activity through the delivery of multi-agency Operational Sentinel interventions.
- Attendance at Northumbria Serious and Organised Crime Governance Board to share best practice and intelligence to disrupt identified networks.
- Supported high visibility targeted patrols, problem solving and enforcement tactics within specific harm hotspot areas within Gateshead.
- In recent years, across Northumbria, we have seen an emerging picture of groups from similar residential areas aligning into what we identify as Peer Crime Groups or, in some cases, Urban Street Gangs – and are often associated with significant levels of violence (involving weapons) and drug supply. Operation Pecan was established to map out individuals/groups involved and to identify opportunities to disrupt.

STRATEGIC THEME 2: Thriving Communities

Anti-Social Behaviour *(Strategic Lead: Paul Thompson – Tyne and Wear Fire and Rescue Service)*

- Working in conjunction with Office for the Police and Crime Commissioner – we have been involved in reviewing the regional approach to Community Trigger (which allow victims to request a review of their ASB case). There have been 24 x Community Triggers activated in Gateshead which has identified various recommendations to improve our current ASB processes.
- We have applied to Safer Streets Round 5 Funding to deliver interventions designed to improve perceptions of safety linked with transport hubs across the Borough – as well as a project that will deliver programmes for young people involved in deliberate fire-setting behaviour.
- Extended the current Public Space Protection Orders (PSPO) prohibiting certain anti-social activities in public spaces. This includes specific orders covering Gateshead Town Centre as well as a Borough-wide PSPO linked with alcohol consumption and dog fouling.
- Community Safety has secured funding from the UK Shared Prosperity Fund that will provide a significant uplift to current youth outreach offer. This includes a mix of both peripatetic and target provisions, along with training, peer research and diversionary activities to help tackle youth-related anti-social behaviour.
- Completed a phase of testing of a redesigned method of responding to Anti-social Behaviour and of a different way of working, that has identified the improvements can be made in resident satisfaction and that the recurrence of ASB from repeated perpetrators can be reduced. Commenced the review of job profiles, roles, and responsibilities, that will lead to permanent change. This will allow for the creation of a 'single front door' and multi-skilled anti-social behaviour investigation unit that will speed the response and resolution of ASB, with longer lasting results.
- Members have agreed around £2million of additional funding to tackle the impact of environment on health, wellbeing, climate change, economic sustainability and in response to declining resident satisfaction with services. The funding will be used to support improvements in grounds maintenance, litter and waste removal, better communications with residents about environmental issues and support for those that want to volunteer, and engagement with and enforcement with those that persistently spoil the area for others. Officers are working with members to confirm the outcomes that could be achieved over the next two years.

Locality Working (Gateshead Council – Lead: Neil Bouch)

- Developed blueprint for locality work in South Gateshead – Team Around Community approach based in partnership and relationships across manageable geographies.
- Developed and implemented 2 x locality plans that provide coverage for all 5 wards in South Gateshead. The next steps will involve more partners in the development and delivery of the plans.
- Developed and implemented a local network for VCS support in South Gateshead.
- Using LION data, we are developing a health inequalities approach to identifying neighbourhoods most in need and engaging relevant partners in conversations and project planning.
- Implemented working procedures and learning that have demonstrated the impact of locality working through a range of case studies.
- Achieved some colocation of services at Birtley Library and Wrekenton Hub including Housing, Locality, Police, Library, Connected Voice, Mental Health Peer Support, Citizens Advice, Employability Services, Family Intervention Team, Edbert's House.
- Recruiting a Project Manager that will support the roll out of locality work developing working arrangements and embedding the approach across the Borough.
- Working with a range of other services to further develop and enhance the approach: Family Hubs and Early Help, Adult Social Care, One Public Estate, Health and Wellbeing Board, Primary Care Networks, for example.
- Safer Streets Round 4 Funding (£210k) was secured to support the development of a multi-agency co-located hub in Birtley/Lamesley to work alongside local communities to tackle crime and ASB issues affecting their area. This has included development of co-located problem solving, target hardening, world cafes and business pledges.

Reducing Re-offending (*Strategic Lead – Jo Dixon – Probation Service North East*)

- People who leave prison with strong foundations in place to make a success of their lives are less likely to reoffend. These foundations include a stable home, a stronger connection to family and local community, a steady job, and good health free from substance misuse. For women, this means a gender-informed approach to deliver better assessments and interventions.
- Employment and education are important for cutting crime. They provide opportunities for people in prison and on probation to gain independence and contribute to wider society. Prison leavers who get a job are up to nine percentage points less likely to reoffend. Probation Service alongside our partner agencies are seeking to improve the number of people leaving custody with employment and the number of people in employment after 6 months. At this time 33% of people leaving custody are in education or employment within 6 months of release
- Risk of reoffending is reduced if people can rebuild community and family connections and access safe, stable accommodation. Prison leavers without stable accommodation are almost 50% more likely to break the law again. In July 94% of prison leavers had settled accommodation within 3 months of release.
- New electronic monitoring technologies are being used to support compliance and are an important tool in providing punishment, effectively supervising individuals in the community, protecting the public and reducing reoffending.

STRATEGIC THEME 3: Protecting People from Harm

Hate Crime and Tension Monitoring (Northumbria Police – Lead: Jamie Pitt)

- Northumbria Police have refreshed their Hate Crime Strategy and Action Plan. Which includes activity to raise public awareness of hate crime reporting, increase referrals to victim support services and promote hate crime education.
- Continue to support the Hate Crime Champions Network which includes schools and colleges within Gateshead as well as public transport providers and private sector organisations.
- Ongoing relationship development with key community groups in Gateshead to increase confidence in Police and Council's approach to hate crime (including involvement in asylum and migration multi-agency partnership work).
- Central Engagement Team continue to offer Hate and Mate Crime training across the partnership and have provided tailored awareness sessions to VCS organisations.

Preventing Radicalisation (Gateshead Council – Lead: Adam Lindridge)

- Refreshed the Prevent Risk Assessment for 2023/24 to assess the local threat level from terrorism and to identify actions to reduce risk of vulnerability to radicalization within Gateshead.
- Continue to deliver intervention/support to individuals at risk of radicalization through the statutory Channel Panel process. There have been 76 x Prevent referrals to date within Gateshead – and 14 x referrals since April 2023.
- Held a further development workshop/training event for Channel Panel to raise which provided a simulated scenario of a real-life Prevent referral to test local approaches and ability to address the case.
- Raised awareness of different ideologies, groups and risks linked with counter terrorist narratives with Council staff through the roll out of tailored training to raise profile of Prevent, referral routes and to upskill frontline practitioners.
- Developed a local Counter Terrorism Delivery Group to develop a greater alignment between Prevent Duty and Protect Duty (Martyn's Law) activity.
- Community Safety, working in conjunction with the Home Office, have reviewed local approaches to Prevent including referral process, training offer, and communications strategies. This includes a formal benchmarking exercise to assess compliance.

Combatting Drugs (Gateshead Council – Lead: Julia Sharp)

- The Local Combatting Drugs Partnership is now in place on a Northumbria Police footprint, chaired by the Police and Crime Commissioner, with Gateshead DPH Alice Wiseman, as the Senior Reporting Officer. A needs assessment and the national outcomes framework has informed the delivery plan for the partnership.
- We are now in Year 2 of 3 of the increased investment in substance misuse provision. Developments planned this year include increasing in-reach into settings such as the QE Hospital and supported housing provision; improving health outcomes for Gateshead residents who are experiencing difficulties access as a result of substance use; building capacity and diversity into the substance misuse workforce; improving access to residential detox and rehabilitation; and increasing numbers accessing substance misuse treatment. These developments build on the work begun last year where our focus was on pathways into substance misuse treatment from criminal justice settings.
- The numbers of cases reviewed in Gateshead Drug Related Death meeting, remain high, but stable. There have been 12 suspected drug related death cases reviewed since January. We do not know the exact cause of death at the point of our local review, however, the ONS Drug Related Death figures which are based on 3 year rolling data, are due to be published in October. These numbers will give a more accurate picture of deaths related to drug misuse in Gateshead.

STRATEGIC THEME 4:

Strengthening Governance & Accountability

- Allocated Strategic Leads to each of the priorities and refocused the Board workplan to ensure in-depth Deep Dives are carried out across each of the strategic priorities. This has resulted in greater scrutiny and challenge around partnership activity.
- Commissioned an independent consultant from the Local Government Association to provide a specialist review of Gateshead Council's Community Safety function. The findings will be presented to Community Safety Board in September 2023.
- Started preparations for the next annual Strategic Needs Assessment to help identify the strategic priorities for 2024/25. In addition, we have also started refreshing our local Information Sharing Agreements to ensure compliance with relevant information governance requirements.
- Discussions with Northumbria Police to look at how we can improve perception and feelings of safety concerns through increased communications and media coverage to outline the breadth of proactive work undertaken by the partnership in Gateshead.
- Working with Gateshead Safeguarding Children's Partnership, Youth Justice Service, and Gateshead Safeguarding Adult Board to explore opportunities to further improve alignment and minimise duplication across priority areas.

5. Recommendations

5.1 Housing, Environment and Healthy Communities OSC is asked to:

- (i) Comment on the activities undertaken in relation to the strategic priorities of the Community Safety Board.
- (ii) Continue to receive six-monthly Community Safety updates.
- (iii) Identify any issues/areas OSC may want to scrutinise in detail at a future Committee meeting.

Contact: Adam Lindridge, Community Safety Manager

Tel: 07535 200 777

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TITLE OF REPORT: Pavement Parking

Purpose of the Report

To advise the Housing, Environment and Healthy Communities OSC on Pavement Parking within Gateshead

Background

Since 1974, parking on pavements, with certain exceptions, has been prohibited in Greater London by the [Greater London Council \(General Powers\) Act 1974](#).

At present, enforcement of parking on footways outside Greater London would require a Traffic Regulation Order (TRO) for every street where pavement parking is barred (or a Borough wide TRO with individual streets exempted). It is for this reason that there are no other Local Authorities nearby that currently perform this function.

The Department for Transport is currently running a project looking at how the TRO legislative framework can be improved to make TROs easier to implement; including for pavement parking.

The exception to this is where double and single yellow line restrictions are in place. During their hours of operation, these restrictions cover the centre of the carriageway to the building line and so the footway is automatically covered.

Proposal

DfT plans to introduce legislation to allow all English highway authorities to adopt new footway enforcement powers, although the timeline for that is still unclear, as are the details about how it will work.

DfT conducted a consultation on pavement parking in 2020 and are still considering the responses to that. The Council submitted a response as agreed by Cabinet on 17th November 2020.

If the Council did adopt the powers, once granted, it is likely that a clear and robust policy would be required setting out the type of circumstances in which we would enforce and (equally importantly) *those in which we wouldn't*. Without this we would be overwhelmed with requests and complaints.

It is also important to note that, in some (particularly urban) areas, parking partly on the footway (so that people can still safely get past) is sometimes the pragmatic solution.

It is also likely, given government's previous approach and the practicalities involved, that footway enforcement would need to be undertaken by Civil Enforcement Officers (CEOs) in person, rather than by "approved device" (e.g. the camera car).

This implies the need for a significant uplift in the CEO establishment, at time when we are finding it difficult to maintain staffing levels within enforcement. This would therefore involve significant additional costs, including additional supervision and back-office support to support these additional duties.

Recommendations

The Housing, Environment and Healthy Communities OSC is asked to note the report.

Contact: Caroline Shield/ Andy Waters

TITLE OF REPORT: **Work Programme**

REPORT OF: **Sheena Ramsey, Chief Executive**
Mike Barker, Strategic Director, Corporate Services and
Governance

Summary

The report sets out the provisional work programme for the Housing, Environment and Healthy Communities Overview and Scrutiny Committee for the municipal year 2023/24.

1. The Committee's provisional work programme was endorsed at the meeting held on 19 June 2023 and Councillors have agreed that further reports will be brought to future meetings to highlight current issues / identify any changes/additions to this programme.
2. Appendix 1 sets out the work programme as it currently stands and highlights proposed changes to the programme in bold and italics for ease of identification.

Recommendations

3. The Committee is asked to
 - a) Note the provisional programme;
 - b) Note that further reports on the work programme will be brought to the Committee to identify any additional policy issues, which the Committee may be asked to consider.

Contact: Melvyn Mallam-Churchill

Extension: 2149

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| DRAFT Housing Environment & Healthy Communities OSC Work Programme 2023-24 | |
|---|--|
| 19 June 2023 | <ul style="list-style-type: none"> • Performance Management and Improvement Framework – Year End Performance 2022-23 • Housing Design and Energy Efficient Standards • Housing Key Performance Indicator Target Setting 2023/24 • Changing Futures, MCN and Homelessness (<i>focus on linkages and impacts and join up</i>) • Work Programme |
| 11 September 2023 | <ul style="list-style-type: none"> • Community Safety priorities update / progress • Lifelong Learning (<i>focus on;</i> <ul style="list-style-type: none"> - <i>what is available academically and physically</i> - <i>Is there a clear picture of provision across the borough</i>) • Parking enforcement – Update (<i>focus on;</i> <ul style="list-style-type: none"> - <i>what can be done to prevent pavement parking</i> - <i>how can we better enforce / do we need additional powers?</i> - <i>Plan / projected timescales / measuring success</i>) • Brexit Update (Information Only) • Work Programme |
| 23 October 2023 | <ul style="list-style-type: none"> • Construction Services Update - Repairs and Maintenance Improvement Plan Progress Update • Housing and Compliance Performance Monitoring Q2 • Housing Regulatory Standards (Self-Assessment) • Locality Working (<i>focus on progress and any impacts</i>) • Work Programme |
| 4 December 2023 | <ul style="list-style-type: none"> • Performance Management and Improvement Framework – Six Month Update – 2023-24 • Council Voids (<i>deep dive into whole end to end process</i>) • Economic Development/Physical Development and Regeneration – (<i>focus on;</i> <ul style="list-style-type: none"> - <i>overview of the policy and strategy</i> - <i>what the plans are for achieving this and how they align with the NE LEP's defined objectives of more and better jobs</i> - <i>how is 'success' measured in relation to both the NE LEP and the LA's defined Thrive objectives - actions / anticipated timescales</i>) • Street lighting (<i>focus on;</i> <ul style="list-style-type: none"> - <i>impact of changes to street lighting in line with light pollution considerations</i> - <i>perceptions of safety with some lights being turned off during the night</i>) • Work Programme |
| 29 January 2024 | <ul style="list-style-type: none"> • Community Safety priorities update/progress • Update on Allotments • Building Safety Compliance and Assurance in Council Homes • Update on new approach to anti-social behaviour • Work Programme |
| 11 March 2024 | <ul style="list-style-type: none"> • The Flood and Water Management Act 2010: Annual Progress Report • Housing Development Programme Update (<i>focus on;</i> <ul style="list-style-type: none"> - <i>Progress reporting / breakdown of tenure</i> - <i>Risks issues and challenges to deliver</i> |

| | |
|--------------------|--|
| | <ul style="list-style-type: none"> - <i>Gateshead's vision re fall in local population / housing development to facilitate more sustainable living / redevelopment of brown field sites)</i> • Affordable Housing (to include; <ul style="list-style-type: none"> - <i>Profile of existing stock</i> - <i>Housing in pipeline / proposed housing</i> - <i>Organogram showing affordability based on income</i> • Tenant Satisfaction Survey Results 2023 • Work Programme |
| 13 May 2024 | <ul style="list-style-type: none"> • Housing and Compliance Performance Monitoring Q4 (to include; <ul style="list-style-type: none"> a) <i>Operational Performance</i> b) <i>Compliance Performance</i> c) <i>Regulatory Self – Assessment)</i> • Climate Change Strategy and Action Plan (to include; <ul style="list-style-type: none"> - <i>Fleet, community EV provision and infrastructure</i> - <i>School catering (plant based alternatives to meat / cheese</i> - <i>Impact of domestic fires / log burning</i> - <i>Local transport networks and encouraging connectivity without car dependency</i> - <i>Public transport and connectivity</i> • Work Programme |

Issues to slot in:

- **Street Scene Investment Impacts**

Issues for 2024/25 Work Programme

- **Housing Allocations – May / June 2024**

TITLE OF REPORT: The Impact of Brexit on Businesses Large and Small

Purpose of the Report

1. To update, and seek the views of, the Housing, Environment and Healthy Communities OSC regarding the ongoing impact of Brexit on businesses large and small in Gateshead and the North East.

Introduction

2. Vigorous debate continues about the consequences of Brexit for businesses large and small. Formulating a clear picture is difficult because other seismic events have had a distortive effect on the economy recently. This makes unpicking Brexit-related impacts on businesses particularly complicated. Moreover, the exit process is ongoing and our business and economic relationship with the EU will evolve over time. Evidence of the impact will emerge gradually, informing our analysis and understanding of issues affecting both local businesses and the council.
3. Throughout, Gateshead Council has continued to work collaboratively with local and regional partners to:
 - Gather intelligence, understand, and monitor the impact of these changes for businesses,
 - support businesses to navigate the EU Exit transition period,
 - build business resilience to adapt successfully to a post Brexit economy, and,
 - continue investing in the local economy to ensure businesses, the workforce and residents thrive.

Background

4. Businesses in Gateshead are inevitably influenced by conditions affecting the UK and global economy. The outlook for growth and prosperity has a distinct local dimension, therefore it is important to understand and contextualise the effect of wider trends on the borough.
5. While Brexit is identified as a long-term structural change to the economy, assessing its ongoing impact is complex for several reasons:
 - Firstly, it is impossible to know how the economy would have performed had the UK remained in the EU. Nonetheless, the UK economy is smaller and has grown more slowly since the pandemic. Plausibly, Brexit is a contributory factor, amongst others.
 - Secondly, a confluence of external shocks, such as the pandemic and global conflict, coupled with price increases, inflation, and labour shortages make it difficult to distinguish and isolate the effects of EU withdrawal on local businesses. However, the possibility should be acknowledged alongside other apparent issues.

- Thirdly, not all the datasets are available for interpretation at local authority level, but examination of objective economic analysis provides an insight into the impact of Brexit.
6. A previous committee report focused on the build up to and immediate reaction of local businesses to EU withdrawal. This update turns to the medium-term implications and impacts since leaving the EU. Information presented draws on the best available data and intelligence that is pertinent to Gateshead. Local statistics are provided wherever possible.

Economic Outlook and Growth

National Economic Forecasts

7. The Office for Budgetary Responsibility (OBR), the UK's independent economic forecaster, projects UK imports and exports will be 15% lower in the long run compared with remaining in the EU. ⁱA review of its forecast in March 2023 revealed that trends in UK trade supported this view. Productivity, therefore, growth, was predicted to be 4% lower. The economy was expected to grow by a smaller amount than it would have done due to the UK trading less outside the EU. ⁱⁱ .
8. Similarly, the Bank of England thinks that Brexit is likely to lower productivity by 3.75% due to a reduction in trade with the EU. ⁱⁱⁱ Some think tanks estimate higher losses with GDP falling 5.5%, investment declining by 11% and a 7% decrease in traded goods. ^{iv}
9. A report by the Resolution Foundation in June 2022^v assessed the long-term impacts of the Trade and Cooperation Agreement (TCA) on business investment, trade flows, productivity, sectors, and regions in the UK. The findings highlighted the North East's disproportionate exposure to changes in trade with the EU, projecting that manufacturing output would fall 2.7%, together with professional and financial services by 4.1% and 4% respectively.
10. Not all economists share such a pessimistic view. Some point to limited data or the absence of a sudden, major fall in UK exports as evidence that the immediate effects have been less damaging than commentators may have feared.

Actual Regional and Local Economic Impacts

11. Analysis of GDP^{vi} by the North East Local Enterprise Partnership (NELEP) demonstrates how the local and regional economy has actually performed in the period before, during and after EU exit. ^{vii}
12. North East GDP in 2021 was about twice what it was in 1998, the first year of the dataset. The latest totals in England and England excluding London were 2.3 and 2.2 times higher than in 1998. The difference in growth rates was more noticeable during the second half of this period.
13. The latest North East GDP total was about 2.5% of the England equivalent or 3.4% if London is excluded. These proportions have decreased during the most recent decade.
14. In 2021, North East GDP was 7.7% higher than a year earlier. This was a slightly lower increase than in England excluding London (up 7.9%). However, the latest year increase was insufficient to match pre-pandemic levels.

15. North East GDP was 0.1% lower in 2021 compared to 2019, unlike the total for England, which had grown during the same period.
16. By contrast, between 2019 and 2021, GDP in Gateshead had fallen by 2.08%.
17. Real GDP per head is a statistic that allows changes in GDP over time to be measured with the effects of population change and inflation removed. Growth in real GDP per head over the decade (2014-21) was lower in the North East than other parts of the UK and had decreased in Gateshead (-£897).
18. In 2021 GDP per head in Gateshead was £26,335, higher than the North East figure of £24,738.
19. NELEP has also analysed how various sectors contributed to economic output in different areas, including Gateshead^{viii}. Compared with England excluding London, a higher share of GVA in the North East is produced by manufacturing. Generally, the data shows that manufacturing, retail and accommodation in Gateshead recovered strongly in 2020-21 except food, drink, textiles and clothing manufacturing, which fell.^{ix}
20. Anecdotally, Gateshead Council's Strategic Account Management (SAM) service reports that whilst firms have not explicitly raised Brexit as a concern, the additional costs of trade with the EU are now built into business models. Moreover, it is increasingly difficult to separate the impact of Brexit from other challenges posed by the pandemic, war in Ukraine, skilled labour shortages and price inflation.

Sectoral Impacts (NELEP report)

21. Business exposure to the effects of Brexit differs according to size, scale, and sector. Throughout the process of leaving the EU, impacts have varied depending on the nature of changes to the regulatory and trading relationship between the UK and EU and their impact on different industries. Agriculture, food and drink, wholesale and retail, and manufacturing businesses all experienced disruption. Nearly half of North East businesses surveyed by NELEP adjusted their operating model because of Brexit, together with 39% of manufacturers.^x

Changes to International Trade and Regulation

22. UK withdrawal from the EU Single Market and Customs Union in 2021 signified new rules, paperwork and border checks for companies trading with the EU, the North East's biggest market. To qualify for tariff and quota free trade, goods exported from the UK to the EU must comply with new legal and regulatory requirements. The EU introduced full customs and border controls on goods imported from the UK on 1 January 2021. These changes have impacted the ease and cost of international trade, and there are more yet to come.
23. Simultaneously, the introduction of full customs and border checks on goods imported to the UK from the EU was delayed. Government subsequently confirmed a staggered approach to implementation on the UK side of the border, allowing more time for agencies and businesses to prepare. This process is ongoing.
24. Anticipated future trade requirements include:
 - Export health certificates for agrifoods in October 2023

- The Carbon Border Adjustment Mechanism (CBAM) certifying the level of carbon in metallic goods such as steel, iron, aluminum and more. A phased rollout will begin in October 2023 before becoming fully operational in 2026
- Border checks for health certificates in February 2024
- Requirements for safety and security certificates in October 2024

Business Intelligence

25. To establish how businesses have fared under the new regime so far, in 2021, the North East EU Exit Implementation Group sought feedback on barriers to trade between the UK and EU. Businesses cited increased cost pressures, the need for logistical support and unequivocal guidance as critical issues.

Cost of Compliance

26. Businesses reported that the administration of new trade rules had increased costs and affected their competitiveness in EU and global markets. Some expressed concern about the loss of future sales.

27. Smaller firms were less likely to be aware of the changes and how to navigate them, whereas larger companies with more resources and export experience could adapt more easily.

Logistics

28. Warehousing, packaging, transport, and distribution costs, soared in 2020 due to new administrative requirements, a shortage of shipping containers, and supply chain disruption caused by a combination of Covid and Brexit. Many businesses highlighted delays in shipping or receiving goods, compounded by strict border controls enforceable between the UK and EU.

Government Guidance

29. In early 2020, businesses voiced frustration that guidance on new trading requirements was slow to be published, lacking clarity, or of limited practical use.

Survey Feedback

30. A national Federation of Small Business (FSB) survey^{xi} showed almost a quarter of SME exporters (23%) had temporarily halted sales to EU customers and 4% decided to halt this activity altogether after the TCA was implemented in January 2021. Anecdotally, regional insights confirmed that many smaller businesses had since abandoned exporting to the EU permanently.

31. Make UK surveyed manufacturers in 2021, discovering that a third had experienced ongoing challenges with customs paperwork and procedures.^{xii}

32. A North East Chamber of Commerce (NECC) survey in Spring 2021 found that 75% of members in the region had experienced difficulties trading in EU markets because of the TCA and 38% reported a reduction in sales to the EU.^{xiii} Evidence submitted by the Chamber to the House of Commons International Trade Committee supported claims that smaller firms were likely to need additional support.

33. Underlying trade barriers and cost uplifts continue to affect businesses striving to recover from reduced cash flow and weakened balance sheets caused by Covid.

Early Effects on International Trade

34. A combination of EU Exit and a series of global economic shocks has seen UK trade with the rest of the world and EU fall relative to the size of the economy. Other nations are experiencing similar challenges, but UK trade continues to lag the G7, leading to speculation that Brexit could be an underlying factor.^{xiv} Nevertheless, it is difficult to ascertain for certain whether the UK would have performed better had it not been for Brexit.

35. Historically, the North East has relied more heavily on trade with the EU compared to the rest of the world. Whilst this remains the case, trade with the EU has diminished somewhat following EU Exit and introduction of the TCA. Analysts considered this had contributed temporarily to a widening trade deficit seen in early 2022, which subsequently closed by the end of the year.

36. According to analysis by the NECC, regional export trends have followed the pattern observed in the UK in 2022. The value of exports, while having increased year on year, are still below pre-pandemic levels in 2019, although the trade deficit narrowed to £583m.^{xv}

37. Conversely, imports have grown considerably over the last two years, representing an £821m increase on pre-pandemic figures. The EU remains the region's biggest single export and import market with 57% of all exports and 53% of imports traded in the bloc. Asia and Oceania, coupled with the USA are also significant trading partners for the North East. Although exports to Asia only account for 15% of North East trade, the region imports 27% of its goods from there. While other regions have either shown a decline or static imports into the North East, Asia and Oceania have continued to grow steadily year on year.

38. Exports from the North East increased by £1 billion between 2021 and 2022, reaching a total of £12.6 billion. Trade with the EU accounted for the majority of goods exported from the region (£7.2 billion of the North East total).

39. Recent trade data is encouraging in that the value of goods exported from the region is returning to pre-pandemic levels, however business groups believe there is still more work to be done. While the value of goods traded in and out of the region is increasing, the total number of internationally trading companies in the North East continues to decline. The North East has the lowest levels of international trade of all the UK regions. Several free trade agreements are due to be ratified in 2023; it is imperative the North East is positioned to access new markets, widening opportunities to stimulate local business growth and job creation.

40. NELEP analysis is consistent with these findings, although more cautious about the role of EU exit, given the anomalous and disproportionate impact of Covid on economic performance across a range of indicators during this period.

41. The total value of goods exports from the North East to the EU increased between the referendum in 2016 and 2019 but decreased in 2020 as the pandemic constrained business activity and international trade. Between 2016 and 2021, total North East goods exports to the EU fell by £552m (8%) while exports to non-EU countries increased by

£211m (4%) over the same time horizon. The proportion of North East goods exports to the EU fell from 61% of the total in 2016 to 60% in 2019 and 58% in 2021.^{xvi}

42. The EU is still the largest trading partner for North East goods exports despite a small increase in the proportion of goods exported outside the EU. Although exports to the EU increased following implementation of the TCA in 2021, the impact of Covid on the 2020 figures means that further monitoring and analysis of the data is required to discern the long running effects of the TCA on regional international trade.

Impact on North East Service Exports

43. Latest regional data shows service exports from the North East were £1.1 billion lower in 2020 than in 2019, which represents a decline of 17%. This was the third largest decrease in England.^{xvii}

44. The total value of service exports from the North East region in 2020 was £5.1 billion. This was the smallest total of the English regions and the North East also had lower exports per head than the Northern Powerhouse.

45. Total service exports from the North East were 8% lower in 2020 than in 2017, compared to 2% higher in the Northern Powerhouse in the same year.

46. Finance and insurance activities, and manufacturing both accounted for 29% of North East service exports in 2020. Manufacturing service exports from the North East increased by £146 million between 2019 and 2020, continuing a trend of growth. Whereas financial and insurance activities saw a significant -£651 million decrease in the same period.

47. Slightly more of North East service exports were to non-EU markets than EU markets in 2020 with the USA accounting for the largest share.

48. Both Non-EU and EU markets saw declines of a similar size in 2020 (19% and 16% respectively).

49. Mostly, these decreases have been attributed to the disruptive impact of Covid.

Business Investment and Access to Finance

50. Business investment in Research & Development, technology, training, property, and equipment can help to generate growth, raise productivity, and increase employment in the economy. Confidence to do so is affected by the UK's relationship with the EU. Since the referendum, there are signs that business appetite for investment has weakened. The International Monetary Fund (IMF) stated that prolonged uncertainty surrounding Brexit and unresolved issues may have discouraged or delayed some forms of investment, but other business groups are sceptical about whether there is sufficient evidence to corroborate this assertion.

51. Also, companies may have diverted spending towards digital transformation and Covid safe working practices to continue trading through the pandemic, which is difficult to estimate or capture using traditional metrics.

52. Ongoing volatility continues to affect the economic climate and investment conditions for local businesses. Restoring stability and bolstering investor confidence is crucial to developing a more sustainable, inclusive, and resilient economy that enables local businesses and residents to thrive.
53. Currency valuation, or put simply, how much the British pound is worth relative to the US dollar, affects import and export costs for local business. It is a key factor driving price inflation nationally. In some respects, this is positive because a weaker pound against the dollar means the value of UK and therefore regional exports have gone up. The USA represents the second largest export market for the North East, opening the region to more foreign direct investment opportunities. However, most exporters are also importers of goods and materials from abroad. Import prices have increased due to poorer exchange rates, supply chain issues and rising inflation, offsetting the higher value of exports.
54. Escalating costs, price increases and high inflation all have a bearing on business investment decisions. Interest rate rises designed to control inflation also affect the availability of business loans and increase the cost of borrowing for business investment.
55. Labour (30%), materials (36%) and economic uncertainty (37%) are impacting business turnover, mirroring the same drivers of inflation across the UK.^{xviii}

Foreign Direct Investment

56. In addition to international trade, EU Exit and the TCA has repercussions for foreign direct investment (FDI). Access to the EU Single Market has been an important driver of business investment and job creation in Gateshead, the North East and UK. The effect on FDI depends on:
- a) negotiating favourable trade agreements with the EU and other countries,
 - b) nature of the regulatory environment affecting business operations in the UK
57. The number of jobs created by FDI projects in the North East decreased following the referendum in 2016. Conjecture suggests ambiguity surrounding the UK's future relationship with the EU may have dampened or delayed new foreign direct investment, at least initially. An uptick occurred in 2019-20 before the TCA was enacted, withdrawing the UK from the EU Single Market and Customs Union. This major legislative reform introduced significant changes in international trade for businesses and investors operating in global markets. Uncertainty persisted, exacerbated by the pandemic, contributing to a steep decline in FDI during 2020-21. However, since then, the North East has rebounded, benefiting from 59 new projects and 5495 jobs in 2021-22 compared to 60 projects and 4,609 jobs in 2016-17.^{xix}

Global Trade and Future Competitiveness

58. Enhancing the international competitiveness of local businesses post Brexit is a key objective for Gateshead and the region. As the USA and EU invest heavily in re-industrialisation to grow economies and improve living standards across both continents, the UK will need to finance large-scale research, innovation, job creation and training. Ensuring the UK remains an attractive location for investment is vital for local businesses and communities to benefit from shifts in global trade.
59. New and emerging policy factors driving international trade are consistent with intelligence gathered by the NECC. Survey data showed a flattening of export sales in the aftermath of

economic shocks. Brexit, Covid, rising inflation, increased energy costs, skilled labour shortages, and different patterns of international migration are all influencing trade and investment. ^{xx}While sales remained comparatively subdued for UK companies, by contrast, export growth in other countries experienced a stronger recovery in the same period. Analysis of UK trade data by Deloitte found that UK export performance trailed Canada, France, Germany, Italy, Japan, the Netherlands, and USA in late 2020 and 2021. ^{xxi}

60. More research is needed to understand the impact of EU Exit on the competitiveness of different industry sectors, and the TCA on regional and UK export performance.

Implications of New Trade Agreements

61. A total of 71 trade deals have been struck. ^{xxii} Most perpetuate UK-EU trade agreements until replacements can be negotiated. The UK has also signed deals with Australia and New Zealand, but the outcome of these agreements will take several years to materialise. Talks are underway with India and members of a trans-Pacific pact. However, trade deals with some of the world's largest economies, such as the US and China, remain elusive. Both the USA and China are important markets for North East inward investment and imports.

Legislative Changes

62. The LGA estimates that local authorities are responsible for implementing around 70% of EU legislation. ^{xxiii} Rules governing the legitimacy of state aid and procurement shape the way services for local businesses are funded, commissioned, and delivered.

Subsidy Control

63. Public bodies and companies, including Gateshead Council continue to seek legal advice on compliance with the new UK Subsidy Control rules that have replaced State Aid. The regime is complex to administer and continues protracting delivery of investment in the economy.

Funding for Local Economic Development and Regeneration

64. During a sustained period of austerity for local authorities that has seen budgets fall significantly, EU funding provided a mechanism to finance regeneration schemes, business and employment support for residents that would otherwise be difficult to afford. Securing an equivalent domestic replacement was therefore a key priority for Gateshead and the region following the EU referendum.

65. Government subsequently created the UK Shared Prosperity Fund (UKSPF) to replicate European Social Fund (ESF) and European Regional Development Funds (ERDF) elements of EU Structural and Investment Funds (ESIF). First announced in 2017, details of the policy emerged gradually, but confirmation of a domestic successor fund and pivotal role for local councils was widely welcomed.

66. In 2021, Government piloted the UK Community Renewal Fund (CRF) as a stopgap measure until UKSPF could be rolled out nationally. Gateshead was a beneficiary of this investment.

67. UKSPF was launched in April 2022, which confirmed indicative funding for local areas, including £11,634,466 for Gateshead. A proportion of the UKSPF budget was also ring fenced to finance delivery of Multiply, a national adult numeracy programme.
68. Funding was contingent on the Council submitting an investment plan that took account of local priorities, evidence of need, stakeholder feedback and regional collaboration within a national framework, informed by input from a Local Partnership Group (LPG) and constituency MPs. The plan was submitted in July 2022, specifying how the money would be spent across three domains: local business, people and skills, and communities and place. It was approved for implementation in October 2022 and delivery plans are now being developed.
69. The total amount of funding available to the NELEP area will match ESF and ERDF allocations from the 2014-20 ESIF programme in 2024-25. In this respect, UKSPF broadly imitates its ESIF counterpart.
70. However, in 2022-23 and 2023-24, the North East will receive less money from UKSPF than had the region benefited from a continuous flow of ESIF investment without any breaks in funding or programme delivery. This is because ESIF funded business support provision ceases in 2023 before UKSPF can be fully deployed due to the delay in government approving spending plans. Places have lost the opportunity to bridge the gap between ESIF ending and UKSPF taking effect. As a result, business support providers are facing increased financial pressure, while councils seek to mitigate the impact of potential service disruption on local businesses.
71. Although UKSPF shares similar policy objectives to ESIF, control over spending priorities, delivery timeframes and resource allocations have changed. The UKSPF is not yet fully devolved to regions or local authorities as the parameters are set by central government. A shorter funding window, tight delivery timescales in 2022-23, and lack of clarity about the future of the fund post March 2025, means that strategic economic planning will remain challenging for local and combined authorities.
72. The timescale is particularly taxing for interventions in the first year of the programme (2022-23). Government has indicated that local authorities may carry forward underspends to the next financial year, provided revised delivery plans are approved. However currently no funding will be available for activity after March 2025, and any underspends in the final year of the programme (2024/25) will need to be repaid to the Department for Levelling Up, Housing and Communities (DLUHC).
73. Furthermore, the replacement of EU Structural Funds for rural economic development, and funding from the Common Agricultural Policy for farming and environmental measures, are not included as part of the UKSPF. Government has advised that these will be addressed separately.

Labour Market

74. The North East has the lowest number and proportion of EU nationals of any UK region. Numbers of EU nationals employed in the North East (excluding self-employed) increased from 24,000 in June 2016 to 27,500 in June 2021. The number of non-EU nationals employed in the North East increased from 25,300 to 37,600 over the same period.^{xxiv}

75. Growth in the number of non-UK, non-EU nationals employed in the North East has outpaced growth in the number of EU nationals since 2019. The factors contributing to this change could include an end to EU free movement, broader reforms to UK immigration policy, employment opportunities in EU countries, and the impact of the Covid pandemic on employment decisions.
76. In June 2021, non-UK national employments in the North East region were most likely to be in health and social work, accommodation and food services, or administrative and support services. However, for EU nationals, employments were most likely to be in manufacturing. EU nationals made up 4% of the total workforce in manufacturing.
77. By March 2023, there were 57,330 applications to the EU Settlement Scheme from the North East LEP area, including 7,850 from Gateshead, the third highest proportion across the LA, of which 6,130 applicants were of working age (16-64).^{xxv}
78. Since agreement of the TCA and the end of free movement with the EU, North East businesses have reported challenges with the cost and administration of the points-based system for skilled workers, and visas for business travel in the EU.
79. Businesses frequently cite a shortage of skilled labour, exacerbated by higher rates of economic inactivity following the pandemic, as a constraint on growth.
80. The dual impact of Covid-19 and the end of free movement with the EU on the North East labour market and migration patterns will require ongoing monitoring and analysis as more data becomes available.

Employment rights

81. A large body of UK employment law is based on EU law. These obligations set a minimum threshold in the labour market below which standards should not fall. Employment protections have been expanded over time and transposed into domestic law to comply with obligations that emerged during EU Exit negotiations whilst the UK was still a member of the EU. It is unclear whether the government will pursue reform of employment law now the UK is outside the EU. Employers have not raised the issue of labour market deregulation and studies have shown economic performance is unaffected by current laws. The immediate priority for businesses is improving the supply of skilled labour to promote growth.

Conclusion

82. Businesses large and small across Gateshead have shown remarkable resilience, acclimating to economic volatility, and responding pragmatically to sweeping changes arising from Brexit. Maintaining a strong business support ecosystem is a key priority as the exit process continues to unfold. Business support is a fundamental part of the infrastructure required to retain existing firms, attract new investment, and generate job growth in the borough. The council will continue working collaboratively with partners, maximising the impact of post-EU funding in Gateshead to foster local business growth and provide opportunities for residents to thrive.

Recommendation

83. The Housing, Environment and Healthy Communities OSC is asked to note and comment on the findings of this report.

- ⁱ <https://obr.uk/efo/economic-and-fiscal-outlook-march-2022/>
- ⁱⁱ (The forecast considers the effect of Free Trade Agreements (FTAs) and other regulatory announcements up to March 2022)
- ⁱⁱⁱ <https://www.bankofengland.co.uk/monetary-policy-report/2023/february-2023>
- ^{iv} <https://www.cer.org.uk/insights/cost-brexite-june-2022>
- ^v <https://economy2030.resolutionfoundation.org/reports/the-big-brexite/>
- ^{vi} The value of goods and services produced in the North East
- ^{vii} <https://evidencehub.northeastlep.co.uk/report/gdp-lep-area>
- ^{viii} (GVA by industry)
- ^{ix} <https://evidencehub.northeastlep.co.uk/report/gva-industry>
- ^x NE Growth Hub Monthly Survey, February 2021
- ^{xi} <https://www.fsb.org.uk/resources-page/one-in-four-small-exporters-halt-eu-sales-three-months-on-from-transition-end-new-study-finds.html>
- ^{xii} <https://www.makeuk.org/insights/reports/trade-and-cooperation-with-the-eu-six-months-on>
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