

Cabinet

Tuesday, 29 September 2020 at 2.00 pm

This meeting will be held virtually and live streamed.

Information on how to join the meeting will be circulated to all participants.

Please use this link to view the live stream: <https://youtu.be/RRkyiBTO0wk>

Committee papers are available at: www.northoftyne-ca.gov.uk

AGENDA

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

Note: The Audit and Standards Committee has granted dispensations to Cabinet members so that they may participate in decisions which relate to the constituent authority which appointed them.

3. **Minutes of the Previous Meeting**

1 - 6

4. **Mayor's Announcement - Devolution, Next Steps**

5. **Constitution Review - Officer Delegations**

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

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|-----|--|----------------|
| 6. | Investment Fund Update and Funding Approvals | 7 - 18 |
| 7. | Brownfield Housing Fund | 19 - 22 |
| 8. | Inclusive Economy Innovation Fund | 23 - 28 |
| 9. | Supporting Young People into Employment - Kickstart and Youth Hubs | 29 - 34 |
| 10. | Adult Education Budget Devolution | 35 - 40 |
| 11. | Business Competitiveness Portfolio Update | 41 - 50 |
| 12. | 2021-2025 Financial Planning and Budget Process | 51 - 56 |
| 13. | North East Local Enterprise Partnership - Funding Decisions Update | 57 - 60 |
| 14. | Date and Time of Next Meeting | |
| | Tuesday, 24 November 2020 at 2pm. | |
| 15. | Exclusion of Press and Public | |
| | Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied. | |
| 16. | Background Documents: North East Local Enterprise Partnership - Funding Decisions Update - Appendices | 61 - 96 |

Contact Officer: Victoria Miller
Email: Victoria.Miller@northoftyne-ca.gov.uk



North of Tyne Combined Authority, Cabinet

28 July 2020

(2.03 - 3.15 pm)

The meeting was held virtually and live streamed.

Minutes

Present:

Chair: Mayor J Driscoll

Councillors W Daley, N Forbes, P Jackson, J McCarty and B Pickard and Mayor N Redfearn

Observer: Mr R Fry

78 APOLOGIES FOR ABSENCE

An apology for absence was received from Mr A Hodgson.

79 ANNOUNCEMENTS

The Mayor welcomed everyone to the meeting and introductions were made.

The Mayor thanked Mr A Hodgson, who had been representing the North East Local Enterprise Partnership (LEP) on the Combined Authority, for his work and wished him success in his future endeavours. (It was noted that Mr A Hodgson was stepping down from his position as the Chair of LEP.)

80 DECLARATIONS OF INTEREST

There were no declarations of interest.

81 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 2 June 2020 were approved as a correct record and signed by the Mayor.

82 INVESTMENT FUND UPDATE AND FUNDING APPROVALS

Submitted: A report of the Director of Economic Growth (previously circulated and attached to the Official Minutes).

The Cabinet considered the report which provided an update on progress that had been made on the NTCA Investment Fund and brought forward the latest proposed investment decisions within the agreed Investment Plan.

The Mayor welcomed the progress. The Mayor also welcomed the quality of the jobs under the programme.

RESOLVED – That the Cabinet:

- i. Noted the progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and project development around the North of Tyne Combined Authority's priority sectors;
- ii. Approved the allocation of funding of £500,000 of Business Case Development funding for the Unlocking Sustainable Future Homes through Collaboration proposal subject to conditions in section 1.3 of the report;
- iii. Approved the allocation of funding of £1,299,952 for the Advancing Circular Economy – R&D Demonstrator project subject to the funding conditions set out in section 1.4 of the report;
- iv. Approved the allocation of funding of £125,000 to fund NTCA's online community engagement and crowdfunding platforms, subject to the funding conditions set out in section 1.5 of the report; and

Authorised the Interim Head of Paid Service to finalise the conditions to be attached to the above funding awards and authorised the Interim Monitoring Officer to complete the necessary documentation.

83 **COMMUNITY HUBS INVESTMENT FUND**

Submitted: A report of the Director of Economic Growth (previously circulated and attached to the Official Minutes).

The Cabinet considered the report which set out proposals for the North of Tyne Community Hubs pilot programme. The programme aimed to support community-led enterprise and innovation within the North of Tyne.

The Mayor spoke about the importance of supporting communities, welcomed the programme and gave examples of community-led enterprise and innovation. The support under the programme would be particularly important now, due to the impact of COVID-19. The Mayor commended this outcome of the Combined Authority's work to date.

Members welcomed the programme and commented on its role of supporting and empowering communities, both urban and rural.

The Mayor thanked everyone involved in this work.

RESOLVED – That the Cabinet:

- i. Agreed an indicative overall Investment Fund of £1.53 million to establish a Community Hubs Investment Fund;
- ii. Endorsed the development of a full business case – created through bottom-up identification of relevant projects by Local Authorities within a NTCA assurance framework; with funding subsequently devolved to Local Authorities on this basis; and
- iii. Authorised the Interim Head of Paid Service, in consultation with the Investment Panel and the Mayor (as Portfolio holder for this workstream), to consider and approve the final business case which would be subject to a full appraisal and would set out clear assessment criteria and approach to delivery.

84 **ADULT EDUCATION BUDGET DEVOLUTION**

Submitted: A report of the Head of Inclusive Growth (previously circulated and attached to the Official Minutes).

The Cabinet considered the report which provided a summary of how the devolved Adult Education Budget would be invested from 1 August 2020 and detailed the benefits and opportunities it would provide for residents, employers and the economy.

Members welcomed the achievement and noted the planned work ahead. As part of the programme, there would be an important opportunity to learn from the sector to ensure its confidence was maintained.

The Mayor welcomed this achievement as part of delivery of the devolution promise for the North of Tyne. Members and Officers were thanked for their work.

RESOLVED – That the Cabinet noted the progress which had been made in preparation for the North of Tyne Combined Authority taking control of the devolved Adult Education Budget and endorsed the investment approach to address local need.

85 **JOINT SCHOOL IMPROVEMENT STRATEGY**

Submitted: A report of the Director of Economic Growth (previously circulated and attached to the Official Minutes).

The Cabinet considered the report which presented the strategy for a unified approach to school improvement.

Thanks were offered to P Hanson and A Dougherty for their work.

Members commented on the importance of education, equality, careful consideration of the needs of children and young people and the future prosperity of the region.

The Mayor referenced the challenges of the area and emphasised the importance of investment in education, tackling social issues and providing opportunities for an improved attainment for all.

RESOLVED – That the Cabinet:

- i. Considered the strategy outlined and endorsed the overall approach, as set out in the report;
- ii. Agreed that officers in each constituent local authority and at the North of Tyne Combined Authority would commence work on the actions outlined in the strategy; and

Delegated authority to the Head of Paid Service, in consultation with the Cabinet Portfolio Holder, to finalise the terms of reference for and appointments to the Education Improvement Board and the associated arrangements set out in the report.

86 **2019/20 NTCA AND NORTH EAST LEP FINANCIAL OUTTURN: INCLUDING LEP 2020/21 BUDGET AND ILLUSTRATIONS FOR 2021-22 AND INEE 2019/20 OUTTURN AND 2020/21 BUDGET**

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

The Cabinet considered the report which advised it of the 2019/20 outturn position of the North of Tyne Combined Authority (NTCA).

The report included the North East LEP (LEP) Financial Outturn position, including the LEP 2020/21 budget and illustrations for 2021-22 and Invest North East England (INEE) 2019/20 Outturn and 2020/21 budget, for information.

The Mayor welcomed the Corporate Budget expenditure being slightly under the budgeted level.

RESOLVED – That the Cabinet:

- i. Noted the information contained in the report;
- ii. Noted the positive 2019/20 NTCA Outturn position of £0.285m;
- iii. Agreed that £0.200m be carried forward of for commissioning work;
- iv. Noted the Draft 2019/20 Audited Statement of Accounts which was presented at the Audit and Standards Committee on 28 July 2020;
- v. Noted the intention to present the audited 2019/20 Statement of Accounts to the Cabinet on the 29 September 2020 following consideration by the Audit and Standards Committee on 22 September 2020; and

Noted the update on the North East LEP 2019/20 financial outturn; the updated 2020/21 budget and illustrations for 2021/22 and 2022/23; including the North East Investment Fund, Enterprise Zone Account and the Invest North East England outturn and budget position.

87 Q.1 2020/21 BUDGET MONITORING REPORT

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

The Cabinet considered the report which presented the first quarter monitoring report on the 2020/2021 financial position. The report provided the forecast financial position for both the Corporate, Investment Fund and Adult Education budget and provided an indication of the potential position of the Combined Authority at 31 March 2021. The report also set out the potential position on reserves at the year end.

RESOLVED – That the Cabinet noted the forecast budget monitoring position for the Combined Authority as set out in paragraphs 1.2, 1.3,1.4 and 1.5 of the report.

88 UPDATED FINANCIAL REGULATIONS AND CONTRACT STANDING ORDERS

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

The Cabinet considered the report which sought approval of the revised Financial Regulations, including Contract Standing Orders, for the Combined Authority.

RESOLVED – That the Cabinet:

- i. Approved the changes to existing Financial Regulations, including Contract Standing Orders, described in the report and set out in Appendices A and B; and
- ii. Authorised the Chief Finance Officer and the Monitoring Officer to finalise the terms of the revised Financial Regulations and the Contract Standing Orders.

89 DATE AND TIME OF THE NEXT MEETING

Tuesday, 29 September 2020 at 2pm.

90 EXCLUSION OF PRESS AND PUBLIC

There was no exclusion of press and public.

91 ADULT EDUCATION BUDGET DEVOLUTION - APPENDIX 4

This document had been circulated to all Members as part of the agenda pack for the meeting.

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Subject: Investment Fund Update and Funding Approvals
Report of: Henry Kippin, Director of Economic Growth
Portfolio: Economic Growth

Report Summary

The purpose of this report is to update Cabinet Members on progress made on the NTCA Investment Fund, and to bring forward latest proposed investment decisions within the agreed NTCA Investment Plan. It outlines progress to date – including £38.62 million committed to projects, over £100 million of private sector leverage, and a forecasted 2,732 jobs.

The report brings forward proposals to unlock further NTCA investment in line with agreed priorities. It includes significant proposed investment in digital innovation, data and green growth, and outlines proposals for further calls for ideas and projects across several themes – including interventions to support digital sector growth and next steps in relation to funding for additional jobs and skills support for residents of the North of Tyne area.

Recommendations

The Cabinet is recommended to:

1. Note progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and project development in relation to our priority sectors;
2. Note progress in relation to the NTCA's Digital Growth and Innovation Programme;
3. Approve funding of £1,630,633 to fund the project 'National Innovation Centre for Data - Bespoke Delivery for NTCA' detailed in section 2.6 of this report, subject to the funding conditions set out in section 2.6.7 of this report;
4. Endorse the approach recommended by Investment Panel in relation to the launch of a digital ecosystem support open call for projects, as set out in section 2.7 of the report - with an overall budget of £5m available from within the Digital Sector Allocation agreed by Cabinet in January 2020;
5. Note progress in relation to the NTCA Employability and Skills Programme (phase 1), detailed in section 2.8 of the report; and authorise the Interim Head of Paid Service, in consultation with the Portfolio Holder for Employability and Inclusion, to finalise the relevant general and project specific funding conditions associated with in-principle funding offers made following Investment Panel recommendations in November and December 2019, and to approve the final funding awards to successful applicants;
6. Note progress made in developing next steps and a proposed approach for allocating the Skills for Growth funding agreed by Cabinet, as a part of wider work to support the growth of key sectors, as set out in section 2.9 of the report. And authorise the Interim Head of Paid Service, in consultation with Investment Panel, to agree the priorities for the NTCA Skills for Growth programme and to launch an open call for proposals in due course;

7. Note progress in relation to operationalising the Green New Deal Fund set out in section 2.10, consistent with the recommendations previously agreed by Cabinet, including the launch of an open call to identify an intermediary body to manage the Fund; and
8. Authorise the Interim Head of Paid Service to finalise the conditions to be attached to the above funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation.

1. Background Information and Investment Fund Progress

1.1 Background

1.1.1 The North of Tyne Investment Programme was established to support growth and job outcomes outlined in the Devolution Deal. It is shaped by the Economic Vision agreed by Cabinet and includes a growing portfolio of investments designed to benefit people, places, businesses and the economy across Northumberland, North Tyneside and Newcastle.

1.1.2 In recent months, Mayor and Cabinet have made significant headline allocations to support key sectors, including around clean growth, digital and culture & creative. Mechanisms are now being designed to deliver on these programmes, with updates on some of these included in this report.

1.1.3 As of the beginning of September 2020, £38.62 has been committed against 46 projects. This report provides an overview of progress to date, as well as a forward look at upcoming milestones and priorities for the fund.

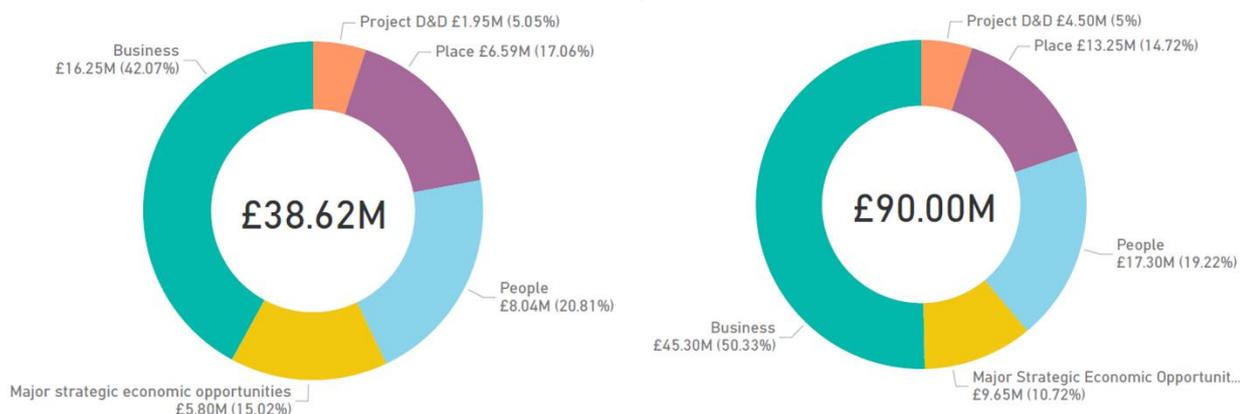
1.2 Investment Fund progress to date

1.2.1 The Investment Fund Programme continues to grow as projects progress through the pipeline. We have seen new funding proposals coming forward for consideration focused on innovation and supporting our key sectors, several of which are included within this report. Work continues at pace to operationalise the headline sector strategies agreed by Cabinet. In addition, we are seeing a step change in the volume of contracts and supporting financial claims as projects and programmes come to fruition.

1.2.2 To date the Combined Authority has achieved:

- A commitment of £38.62m against 46 live project contracts.
- Defrayal of £1.15m of expenditure
- These projects will attract £104.10m of private sector leverage and are forecast to deliver 2732 jobs.

Diagram 1: Investment Fund commitments to date against allocations in the Investment Plan.



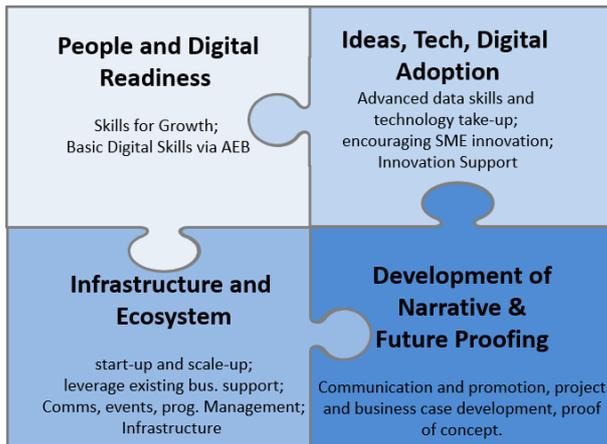
- 1.2.4 In July, NTCA Investment Panel endorsed proposals for a significant programme of support for SMEs adopting digital technologies to improve productivity - through improvement in processes and support for development of new products and services. £750,000 of NTCA funding has now been approved by Delegated Procedures, which leverages match funding from the national Digital Catapult and private sector co-investment with NTCA funding representing 48% of total project costs. The project will be delivered by Digital Catapult (NE and Tees Valley) and over the next three years and will include an initial phase of light touch basic digital adoption support and a significant package of in-depth and intensive advanced digital adoption support. Business needs will be assessed, as will the potential for improvements through better use of digital approaches. Over three years, the project will provide support to at least 230 SMEs, with over half of these receiving at least 12 hours of guidance. It is expected that 30 jobs will be created and a further 50 jobs will be safeguarded. £500k of private sector investment will be leveraged with each business receiving intensive support investing between £1-2,000 on digital technologies on average, with a smaller number of businesses investing significantly more.
- 1.2.5 Two open calls seeking proposals for investment were recently issued by the NTCA and closed on the 21st September:
- **The Culture and Creative Recovery Fund** - as part of a wider commitment to the culture and creative sector (and in recognition of its significant economic and social value), NTCA is establishing a £3.25m recovery fund for the sector. This will enable cultural and creative organisations and individuals to develop plans for post-Covid adaptation and recovery. The open call sought to appoint an intermediate delivery organisation for the fund.
 - **The Offshore Wind and Subsea Infrastructure Programme** - as part of a wider commitment to the offshore and subsea sector, which is vital in supporting the growth of clean energy in the North East, NTCA has made £6.5m available to be invested in infrastructure that will strengthen existing capabilities and capacity including ports and quays, demonstration and research infrastructure, and supply chains. The open call seeks to develop a pipeline of prioritised proposals that can then be invited to submit a full business case application.
- 1.2.6 We are also accelerating further proposals to support the NTCA's Investment Priorities later this year. This will include: proposals to support the infrastructure and ecosystem support priorities identified in the NTCA's Digital Growth and Innovation Programme; a sector narrative and proposed investments for the ageing and longevity economy; and project proposals received through several calls for proposals that have been launched recently by the NTCA.
- 1.2.7 The COVID-19 pandemic continues to have an impact on delivery across the programme, however the Combined Authority is working closely with project sponsors to provide additional support which enables the development of alternative delivery methods where appropriate.

2. Proposals and Timetable for Implementation

NTCA Digital Growth and Innovation Programme

- 2.1 In January 2020, NTCA Cabinet agreed a digital sector narrative and a set of initial priorities that form the NTCA Digital Growth and Innovation Programme – with an overall budget allocation of £10m. The programme's objectives are to:
- grow the number and scale of 'digital' companies in the North of Tyne area – supporting the existing cluster of digital and tech businesses to survive and thrive;
 - maximise the impact of data and digital across our whole economy – including the role of data and technology in driving productivity, efficiency, innovation, business resilience and covid recovery;
 - support the digital inclusion of residents and overall digital skill levels in the NTCA area.

2.2 The programme has four key themes:



2.3 Overall, this digital programme will help create and sustain jobs; promote the North of Tyne as a place to innovate and do business; and maximise the potential of our national assets and world-leading R&D capability. We know that, now more than ever, every business is a 'digital' business, and it is vital that we leverage the assets we have here within the region to support a new generation of citizens, companies and public services that want to make the shift to digital and data-led ways working and improved productivity.

2.4 Section 2.6 of this report sets out progress made in bringing forward a transformative investment that seeks to harness the innovation potential of the National Innovation Centre for Data and ensure it is accessible to SMEs based in the North of Tyne.

2.5 Section 2.7 sets out proposed next steps in bringing forward an opportunity for a range of organisations and partnerships to come forward to the NTCA with ideas for projects, collaborations and co-investment that will support our digital ecosystem. Through this process the NTCA are seeking investments that have the potential to have a strategic and significant impact on the digital sector in the North of Tyne area and the immediate and longer-term performance and viability of the sector here.

2.6 **National Innovation Centre for Data (NICD): Bespoke Delivery for North of Tyne (Funding Approval)**

Proposal Name	National Innovation Centre for Data (NICD): Bespoke Delivery for NTCA
Lead Organisation	Newcastle University
Delivery Areas	North of Tyne CA area
Timescales	1 st September 2020 to 31 st August 2023
Total expenditure	£2,317,644
NTCA Investment Fund Award	£1,630,633

2.6.1 Cabinet is asked to approve a recommendation from Investment Panel to invest in our National Innovation Centre for Data (NICD), based at Newcastle University. This is part our wider digital programme – which advances a suite of investments to support recovery and growth in the digital economy, from basic digital skills and digital inclusion, to high-end support for our major businesses.

2.6.2 This investment is focused on innovation and productivity. It focuses on the ways in which better understanding, use and deployment of 'big data' can help organisations improve

efficiency, understand and adapt to new markets, and build the data analytics skills within their own organisations.

2.6.3 It is also a direct investment in innovation potential – which the NTCA’s Economic Vision recognises is so fundamental to a forward-looking region that can attract new talent and turn creativity and research expertise into social and economic value.

2.6.4 The value of this investment to NTCA is fivefold:

1. **Direct support for North of Tyne businesses** – This investment is about adding capability to benefit North of Tyne businesses specifically – to make sure we gain a local advantage from this national institute. Over 220 businesses will be supported to make better and more productive use of their data, through a mix of light-touch and intensive interventions - upskilling of their employees will ensure businesses gain strong legacy impacts from this engagement and that capacity is built to sustain longer term benefit. NICD has a growing pipeline of private and public organisations wanting to leverage and co-invest.
2. **Growing a North of Tyne asset with global relevance** – NICD is an important part of the growing cluster of translational R&D and innovation assets within the region – drawing in highly-skilled graduates and staff; and actively turning university-based expertise into interventions that directly benefit business, public services and civil society. Investing in this innovation potential is a core part of the NTCA’s Economic Vision and has been central to the growth pathways of several major global cities and regions.
3. **Building the North of Tyne’s Office for Data Analytics** – this is a foundational investment in what we want to become the North of Tyne’s hub of data analytics – which in turn is a vital part of the devolution picture, developing the capability for cross-sector commissioning and analysis of the wider social, economic and health impact of our investments. NICD are already beginning to play this role in prototyping a data dashboard for our Regional Recovery Coordination Group. Our investment conditions will ensure NTCA representation on the governance of NICD to support this purpose.
4. **Using Data to Boost Low-Productivity Sectors** – we will work with NICD to proactively explore the ways in which their expertise can support productivity growth in what are traditionally understood as low-productivity and low-pay sectors such as social care, tourism and hospitality. This is a critical part of the inclusive growth picture and could also bring benefits in terms of future models of care and public services. We will bring forward a series of workshops, led by NICD, to scope this potential as part of the delivery programme and ensure that we create a balanced programme that can support inclusive growth goals.
5. **The Importance of Data to Post-Covid Recovery** – smarter use of data will be fundamental to managing post-Covid recovery for our region. We have already seen how this can improve public confidence through the ‘How busy is Toon?’ app; and we know that ongoing monitoring of the health, traffic, footfall and inequality impacts of Covid will be vital in decision-making and resource allocation. Strong partnership between NTCA and NICD will ensure that we have can support our target sectors – such as offshore wind – within the NICD project pipeline.

2.6.5 There is a total of £687,011 in match funding for this project with NTCA contributing £1,630,333 of Investment Fund resources. NICD will provide £225,011 in eligible costs, while private sector contributions will amount to £462,000. In addition, there will be £650,000 of indirect costs that the university will incur in support of the project.

2.6.6 A full appraisal has been undertaken which found that the project has a strong strategic rationale which is aligned to the NTCA's Digital sector narrative and vision – as well as fitting well with national and regional policies. It also noted that the project provides good value for money and that there are effective and tested management controls and processes for working with companies already in place. NICD has also secured funding to provide scholarships from under-represented groups and they have a programme of outreach into schools.

2.6.7 The NTCA Investment Panel considered the proposal and recommend to Cabinet that funding of £1,630,633 is approved for this project, subject to the following funding conditions:

1. NTCA representation in NICD governance structures to be agreed, prior to the funding agreement being completed;
2. NICD to report to NTCA on a quarterly basis the total number of businesses engaged, and collaborative data projects supported, at the overall UK level as well as in the North of Tyne area. This will enable NICD to evidence that its activities elsewhere in the UK are growing as anticipated and that the NTCA project is providing additional local impact over and above what would have happened in the absence of the project.
3. NICD to maintain staff timesheets (or a similar alternative approach) to evidence the time spent by all project staff on supporting activities with North of Tyne based businesses. To include evidencing that five full-time equivalent data scientists are engaged in supporting North of Tyne based businesses throughout the duration of the project.
4. NICD to report to NTCA any outputs achieved in addition to the values identified in the agreed KPIs (i.e. to report any over performance against targets).
5. NICD to agree with NTCA an appropriate method to evidence the University's in-kind match funding contributions to the project;
6. NICD to actively collaborate with other organisations funded through the NTCA Digital Growth and Innovation programme, including through participation in collaborative events programmes and publicity, ensuring ongoing additionality and sharing data on and cross-referring eligible businesses.

2.7 Digital Ecosystem Support - Call for Projects

2.7.1 Good progress is being made in implementing the Digital Growth and Innovation programme as agreed by Cabinet in January, including the proposed investment in a partnership between the NTCA and NICD (detailed in section 2.6) that will improve access to advanced data analytics and skills capability for NTCA based SMEs. NTCA is also supporting SMEs to undertake digital adoption – ensuring businesses in sectors heavily impacted by Covid-19 can continue to trade on-line and by supporting the adoption and advanced uses of new and emerging technologies that can lead to more radical service and product innovations within our businesses.

2.7.2 The pace and scale of digital change continues to transform our economy and the ways in which services are delivered. The region's digital sector has been growing rapidly, accounting for much of the jobs growth witnessed in recent years.

2.7.3 Many digital and tech businesses have been able to perform strongly during the difficult economic conditions created as a result of Covid-19; albeit recovery remains fragile. Recent events have undoubtedly accelerated digitalisation in many aspects of our lives – there has been an increased demand for digital content, new and remote-working technologies, apps, cloud infrastructure, and security software.

- 2.7.4 The Digital Growth and Innovation Programme set out ambitions to develop both the 'ecosystem' for the sector – supporting the growth of existing and new businesses – and strengthening the digital narrative: the way that we collectively showcase the digital sector in the North of Tyne area, both within and outside of the region. These priorities were developed in direct response to considerable engagement with the digital sector in developing the Programme, notably including a workshop with sector leaders in October 2019 led by Cllr Forbes.
- 2.7.5 In delivering on this collective challenge and ambition, and to have a digital sector ecosystem that remains competitive with other leading clusters in the UK, it is proposed that NTCA launches an Open Call for projects in order to bring forward ideas and proposals for investment in the digital ecosystem. It is proposed that up to £5m of funding to should be allocated to this Open Call – with funding coming from within the overall investment fund allocation of £10m to support growth of the digital sector agreed by Cabinet.
- 2.7.6 A full Call Definition document has been considered by NTCA Investment Panel to support this proposed call and the following activities have been identified as potential areas for intervention that proposals should address:
- Start-up support and growth of early-stage digital/tech businesses;
 - Support for the growth of digital clusters and sub-sectors in the NTCA area;
 - encourage mission-driven innovation and growth in health-tech and other emerging clusters and in addressing societal priorities;
 - strengthening of the narrative around the sector, improving regional and national awareness of its strengths, which will also play an important part of developing the 'North-shoring' offer for the NTCA area.
- 2.7.7 It is proposed that some 'overarching principles' are adopted and published within the call documentation, to ensure that the principles agreed by Cabinet are reflected in proposals from applicants; the following overarching principles are proposed and applicants will be asked to ensure that project proposals demonstrate that they are:
- Evidence led and clearly demonstrate need, complementarity to existing support/investment and demonstrate strong strategic fit with local and national policy objectives;
 - Innovative or novel in approach and show significant ambition;
 - Collaborative and partnership based, where possible business led or backed;
 - Demonstrate value added to a wide range of other support mechanisms;
 - Based on a strong articulation and evidence base of what digital businesses need specifically (i.e. goes beyond general business support);
 - Able to lever other funding where possible;
 - Flexible to adapt, not only to changing circumstances and operating environments, but also can evolve to avoid duplication with national government support and the changing needs of the sector.
- 2.7.8 Applicants will also be asked to demonstrate how they support a number of the following outcomes that NTCA is seeking to deliver through the Ecosystem Support Call and funding:
- Improved resilience and competitiveness of digital and tech businesses in the North of Tyne;
 - Significant new inward investment or research and development activity being undertaken by digital and tech sector businesses based in the North of Tyne;
 - Greater numbers of digital/tech start-up businesses and increased start-up and survival rates of digital and tech businesses in the area;

- Increased levels of product, service and technology led innovation by NTCA based digital and tech sector businesses;
- Innovative and effective partnerships between digital and tech sector businesses and other NTCA key sectors, especially offshore and renewables; culture and creative and ageing sectors;
- Increased private sector investment and economic growth;
- Improved regional and national profile for the NTCA area, as a significant cluster of digital and tech sector businesses, expertise and talent;
- Leverage of private and public sector funding into the NTCA area.

2.7.9 A two-stage application is proposed, with a first stage 'expression of interest' being sought via an open call process to be launched in early October, subject to Cabinet endorsement. Investment Panel will be asked to consider the applications received as a result of the initial Expression of Interest stage and will invite several proposals to come forward to submit a Full Business Case, which will be considered in line with the NTCA's Assurance Framework.

2.7.10 NTCA investment Panel held on the 15th September endorsed the approach set out above and recommended to Cabinet that an Open Call for projects be launched as soon as practicable, with an overall funding allocation of up to £5m available.

Employability, Inclusion and Skills for Growth

Sections 2.8 and 2.9 below provide Cabinet with an update on programmes that are critical in supporting a strong skills-led economic recovery and for the provision of support to residents of the NTCA area who are unemployed. Cabinet are asked to endorse the respective next steps and recommendations as set out.

2.8 Employability and Skills Programme Phase 1 - Update and Next Steps

2.8.1 In June 2019, Cabinet agreed a £3m allocation for the Employability and Skills programme. The purpose of the fund is to bring forward a programme of activity that supports an inclusive economy in the North of Tyne area and will enable good quality and locally tailored employment support interventions that will add value to existing support for unemployed and economically inactive residents.

2.8.2 The fund will make potentially lifechanging support available for c.4,000 residents of Northumberland, North Tyneside and Newcastle. The projects funded will address some of the barriers that make it difficult for people to take up employment and training opportunities, to own their own future, have high aspirations and make good choices.

2.8.3 The impact of the NTCA's financial contribution will be maximised as the fund will:

- secure some of the remaining European Social Fund (ESF) funding for employability and skills support and maximise its impact in the NTCA area and residents;
- lever additional funding against NTCA resources;
- add capacity and variety to existing provision;
- offer innovative and effective delivery models that are differentiated from existing provision;
- demonstrate new or alternative approaches to engaging the most isolated or disadvantaged residents;

2.8.4 In June 2019, Cabinet authorised the interim Head of Paid Service, in consultation with NTCA Investment Panel, to finalise and publish the call documentation that would launch the fund, approve the assessment criteria for applications; and approve subsequent in-principle offers of match funding to successful applicants.

- 2.8.5 In September 2019, the NTCA opened expressions of interest for phase 1 of the Employability and Skills Programme. This process concluded in November 2019 and NTCA Investment Panel reviewed the projects in detail at meetings in November and December 2019 - six applicants were issued with in principle letters of funding on the condition that they successfully apply for ESF funds and delegated decisions were made on the 26th November 2019 and 7th February 2020 to formalise the in-principle offers of funding.
- 2.8.6 The total value of the projects supported in-principle is £11.8m – representing a significant multiplier on NTCA resources and the projects once live will provide a significant source of support for the residents of the combined authority area and will contribute significantly to the social and economic recovery from the impact of Covid-19.
- 2.8.7 Several organisations who have received in principle offers of funding from NTCA have notified us that the Department for Work and Pensions (the Managing Authority for European Social Funds) are nearing completion of assessment process and a decision relating to ESF funding will be reached soon. However, it is expected that approval timescales will be different for individual projects as they progress through the DWP appraisal process at differing speeds. As a result, Cabinet are requested to delegate responsibility to the Interim Head of Paid Service and the Portfolio Member for Employability and Inclusion to finalise the grant awards; this will ensure that the NTCA can respond flexibly to projects as the required ESF funds are approved by DWP and ensure that commencement of support through funded projects is not unduly delayed.
- 2.8.8 NTCA Cabinet is requested to authorise the Interim Head of Paid Service, in consultation with the Portfolio Holder for Employability and Inclusion to:
- Ensure final delivery is in-line with the intent previously agreed by Investment Panel and that any variances from the original proposals are within scope of the Scheme of Delegations to officers – variances beyond this will be brought to Cabinet for approval;
 - Discharge the general and project specific funding conditions attached to the in-principle funding conditions;
 - Finalise the funding awards and any conditions of funding;

2.9 Skills for Growth Programme – update and proposed next steps

- 2.9.1 In April 2019, Cabinet agreed an Investment Plan which allocated up to £5m of NTCA Investment Fund resources to support investment in the skills needs of our growth sectors.
- 2.9.2 Several reports detailing plans to support the growth of key sectors were considered by NTCA Cabinet between January and March 2020. These reports set out an ambition to support growth-related skills development, with an emphasis on transferable skills across sectors and a desire to ensure diversity and economic inclusion issues are addressed as part of our efforts to grow our key sectors.
- 2.9.3 The emergence of Covid-19 and the resulting economic impact means that there is a need to ensure that the NTCA Skills for Growth programme supports the skills needs of the sectors that maintain a growth trajectory, while also playing a meaningful role in supporting the re-skilling and re-training of large parts of our workforce as the labour market is re-shaped in coming months.
- 2.9.4 The Skills agenda plays an important role in wider Covid-19 economic recovery planning and the NTCA Skills for Growth funding can play a catalytic role in bringing forward business led proposals that are focussed on making the transition to a post-Covid economy.

2.9.5 Cabinet are requested to authorise the Interim Head of Paid Service in consultation with Investment Panel to agree the priorities for the NTCA Skills for Growth programme and to launch an open call for proposals.

2.10 Green New Deal Fund – progress update

2.10.1 This section provides Cabinet with an update on the Green New Deal Fund which will be critical in catalysing investment in green growth, stimulating innovation and business growth in the areas of heat decarbonisation, energy efficiency, renewables, energy systems, low carbon transport and natural capital. It will also enable the NTCA to work with regional and national partners and the private sector to match and multiply this commitment with additional funds.

2.10.2 The focus of the Green New Deal fund is to support the ‘green growth economy’, by prioritising projects which can deliver significant carbon reductions as well as supporting new industry and jobs in areas where emissions reductions are most needed. As a part of the NTCA’s Energy, Green Growth and Climate Change Blueprint (agreed on 1st April following cancellation of March’s Cabinet meeting), £10m of funding was made available to support the Fund. It was also agreed that the interim HoPS should approve, in consultation with the Investment Panel and Portfolio Holder, the Fund delivery mechanism, relevant call documentation and business case applications for the Green New Deal Fund.

2.10.3 On the 15th September NTCA Investment Panel considered and agreed the approach to operationalise the Fund. This includes inviting proposals through an open call process from an intermediary organisation or partnership of organisations, with the appropriate experience, skills and track record, to codesign, manage and administer the Green New Deal Fund. We would like to encourage innovation and collaboration, and will work with the CBI, Chambers and partner groups to ensure we actively engage in as wide as possible a provider market.

Delivery of the Fund would be supported by a Green New Deal Fund Panel. This will be commercially experienced and outcomes-focussed, bringing the necessary commercial and technical low carbon sector skills, drawn from around 6 external experts, together with representation from the NTCA and the 3 constituent Local Authorities. The open call for proposals will be launched imminently.

2.10.4 This presents a major milestone in operationalising the Green New Deal fund, which will enable the provision of support for the low carbon sector, brings forward a place-based approach to reducing emissions that delivers inclusive growth and will deliver against NTCA’s ambition to support a green economic recovery.

3. Potential Impact on Objectives

3.1 The projects identified in the report are consistent with the priorities set out in the NTCA vision.

4. Key Risks

4.1 Programme risks are managed in line with agreed processes and Individual project risks have been considered as part of the application and appraisal process.

5. Financial and Other Resources Implications

5.1 The overall impact on the use of the Investment Fund arising from the approval recommended in this report are as outlined below:

	2020/21	2021/22	2022/23	2023/24	Total (£)
National Innovation Centre for Data (Applicant: Newcastle University)	319,731	532,749	551,622	226,531	1,630,633
TOTAL	319,731	£532,749	£551,622	£226,531	£1,630,633

6. Legal Implications

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

7. Equalities Implications

7.1 Equality impact assessments are undertaken for all funding requests in accordance with the agreed process.

8. Inclusive Economy Implications

8.1 The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria.

9. Climate Change Implications

9.1 Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority.

10. Consultation and Engagement

10.1 Stakeholders have been fully engaged in the development of the project proposals and as far as possible wider engagement has been sought in the development and market testing of open calls.

11. Appendices

N/A

12. Background Papers

None

13. Contact Officers

Chrisi Page, North of Tyne Investment Programme Manager
Chrisi.page@northoftyne-ca.gov.uk, 07977 517556

14. Glossary

NTCA	North of Tyne Combined Authority
SME	Small and Medium Sized Enterprise
NICD	National Innovation Centre for Data
R&D	Research and Development
KPI	Key Performance Indicator
ESF	European Social Fund
HoPS	Head of Paid Service
DWP	Department for Work and Pensions

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Subject: Brownfield Housing Fund

Report of: Henry Kippin, Director of Economic Growth

Portfolio: Housing and Land

Report Summary

The purpose of this report is to provide an update on the operationalisation of the North of Tyne Brownfield Housing Fund (BHF) programme – setting out the basis of the Fund, followed by a proposed delivery timeline that has been developed in partnership between NTCA, HMCLG and Constituent Authorities.

In March 2020, the Chancellor launched a £400 million Brownfield Housing Fund (BHF) with the aim of creating more homes by bringing more brownfield land into development. In July 2020, the NTCA was awarded a £23,853,618 devolved share of this Fund. This will support the development of at least 1,500 new homes on brownfield sites across the North of Tyne area, helping to ease viability issues that brownfield projects face and support wider interventions aimed at economic development.

The Programme aims to accelerate the development of disused sites, which will enable Local Authorities to meet the broad range of housing needs that exist across the area and will in turn support the construction sector ensuring that good skilled jobs are sustained.

The report outlines the collaborative way in which the Programme will be delivered, based on underlying principles in line with the strategic approach to Housing and Land agreed by NTCA's Housing and Land Board, and by Cabinet in April 2020.

Recommendations

The Cabinet is recommended to:

1. note the progress made in operationalising the devolved Housing Brownfield Fund
2. authorise the Interim Head of Paid Service - in consultation with Investment Panel, the Housing and Land Board and the Mayor to consider and agree the North of Tyne Brownfield Housing Programme;
3. authorise the Interim Head of Paid Service - in consultation with the Investment Panel, the Mayor and the Portfolio Holder to consider and approve relevant business case applications for the North of Tyne Brownfield Housing Programme.
4. authorise the Interim Head of Paid Service to finalise the conditions for funding awards and authorise the Interim Monitoring Officer to complete the necessary documentation relating to the awards.

1. Background Information

- 1.1 At March 2020 Budget, the Chancellor launched a £400 million Brownfield Housing Fund (BHF) with the aim of creating more homes by bringing more brownfield land into development. The majority of this fund has been devolved to Mayoral Combined Authorities (MCAs), with a residual 10% of the fund available through a national competitive process.
- 1.2 In July 2020, the NTCA was awarded a £23,853,618 share of the Brownfield Housing Fund. The funding is intended to support the development of at least 1,500 new homes on brownfield sites across the North of Tyne area. In addition to this, and to support the acceleration of delivery in the earlier years of the programme, NTCA was also awarded £550,999 in revenue funding.

1.2 The funding profile over the 5 years of the programme, agreed with Government after consultation with each Constituent Authority within the North of Tyne, is as follows:

2020/21	2021/22	2022/23	2023/24	2024/25
5.0m	8.1m	6.7m	3.1m	1.1m

1.3 This fund will help ease viability issues that brownfield projects face, alongside support for wider interventions aimed at economic development. MCAs are also encouraged to align this funding with other transport investment and economic funding such as funding received through Town Fund and the Transforming Cities Fund, enabling the right housing offer for communities to come forward and which support a wider agenda of economic regeneration. NTCA will be responsibility for the project level decisions, but these must fit within the overarching principles of the fund which Government expect Combined Authorities to comply with. In summary these are that:

- The fund must be used to bring forward sites on brownfield land that has an evidenced market failure.
- MCAs should seek to prioritise projects with the highest additionality.
- The homes enabled via this fund should start on site by the 31st March 2025.
- All project must represent good value for money and be Green Book compliant.
- Councils must either have an up to date Local Plan in place, or an agreed plan with MHCLG for getting a Local Plan in place.

The full funding criteria and terms and conditions are, at the time of writing, yet to be finalised but assurances have been provided that they will be in line with high-level aims of the fund already set out by MHCLG.

1.4 In April 2020, NTCA Cabinet agreed a paper on ‘Unlocking Sustainable Future Homes Through Collaboration’ which set out the approach to housing and land with co-collaboration and co-design at its heart. Fundamental to this work is close working with the housing leads and teams of the three Constituent Authorities, maximising the resource which can be secured for the area both in terms of capital to support viability and revenue capacity to support delivery. The devolved Brownfield Housing Fund programme will be delivered in line with the approach already agreed.

2. Operationalisation of the Brownfield Housing Fund Programme

2.1 The Combined Authority’s approach is focused on establishing a balanced programme with a robust and credible pipeline that delivers against the aims of the fund, local priorities and is in line with the funding profile agreed with Government.

2.2 It is proposed that the North of Tyne Brownfield Housing Programme is agreed in its entirety at the beginning of the programme period with individual projects then progressing to full business case stage at the relevant delivery point throughout the programme. To enable this, work has started already on the development of the pipeline of sites which will be reviewed against the principles of the Fund and local priorities. To deliver on the funding profile agreed with Government for 2020/21, as part of the pipeline development work local authorities have identified projects that are close to the market with all relevant information and permissions in place and which can progress to full business case immediately.

2.3 The compressed timescales for operationalisation of the programme require a delegation from Cabinet to the HoPS in consultation with the Housing and Land Board, the Investment Panel and the Mayor to approve the prioritised pipeline of sites for the Brownfield Housing Fund Programme. In addition, Cabinet is asked to agree a delegation to the HoPS in consultation with the Investment Panel and Mayor to agree subsequent business cases, which will ensure individual projects can be progressed at pace.

2.4 The Housing and Land Board – chaired by the Portfolio Holder for Housing and Land, Mayor Norma Redfearn, with an engaged, cross-sector membership - will play a critical role by providing advice on

the prioritised pipeline and over the course of the programme period provide further advice on progress. Investment Panel will consider the prioritised pipeline for the Programme and - in line with NTCA's assurance framework - will also consider each full business case. Regular updates will be provided to the Housing and Land Board, Investment Panel and Cabinet throughout the lifetime of the programme.

- 2.4 In terms of progress so far, the housing leads from the three constituent Local Authorities and the Combined Authority have been working closely over the last few months to develop the pipeline of sites for consideration. Each constituent authority has submitted an initial, high-level longlist of potential sites for the five-year programme. This list has been refined, with further information collated for each proposed site in line with Treasury's Green Book five case model. Utilising independent external expertise, this information will be used to assess the five-year pipeline of projects in line with the aims of the fund. It is envisaged that the North of Tyne BHF Programme pipeline will be presented to the Housing and Land Board and the Investment Panel in October for review and an update provided to Cabinet in November. The first businesses are expected for consideration in November.

3. Potential Impact on Objectives

- 3.1 The proposed programme of works support's NTCA's economic vision, particularly the pillar relating to Pride of Place which is focused on creating communities of inspiring places, homes and spaces that support more sustainable, low carbon futures, set within an environment where people want to live, work or visit. Bringing forward brownfield sites because of viability issues will support the delivery of new homes in the area and support wider economic regeneration priorities. The programme will support local authorities to bring forward a number of sites which meet housing need across the area. Furthermore, the projects identified will have a strong link to individual local authorities' placemaking ambitions, securing the regeneration and revitalisation of areas.

4. Key Risks

- 4.1 Programme risks are managed in line with agreed processes and Individual project risks will be considered as part of the application and appraisal process.

5. Financial and Other Resources Implications

- 5.1 NTCA has been awarded a £23,853,618 share of capital funding relating to the Brownfield Housing Fund (BHF) as well as £550,999 in revenue funding to support the work of the project.
- 5.2 The capital funding is allocated over five years till the 31 March 2025, at which point all of the funding must be defrayed. The 5 year allocation is based on pipeline schemes across the 3 constituent authorities Current indications are that the revenue funding needs to be spent or contracted by 31 March 2021, and whilst the funding is to be awarded a Section 31 basis this does leave some financial risks in terms of the authority being able to make commitments against the revenue budget, and maintain appropriate programme development and support across the life of the BHF.
- 5.3 Officers continue to dialogue with MHCLG in order to be clear on the revenue grant conditions and the final proposed conditions will be considered by the Interim Chief Finance officer in order to ensure that operationally any financial risk to the authority is minimised.

6 Legal Implications

- 6.1 The comments of the monitoring officer have been incorporated into this report.

7 Equalities Implications

- 7.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals. The proposed pipeline of sites will

unlock a range of developments across all types and tenures of the housing market, which will increase social and economic opportunities for residents of the North of Tyne.

8 Inclusive Economy Implications

- 8.1 The North of Tyne Brownfield Housing Fund Programme will support the growth of the North of Tyne economy in an inclusive manner, providing opportunities for community growth as well as supporting the wider inclusive economy work of the Combined Authority by enabling the delivery of high quality homes in a range of type and tenure and supporting economic regeneration priorities in localities. NTCA has clear policies around social value and inclusion which were considered by Cabinet in July 2020.

9 Climate Change Implications

- 9.1 Climate change implications assessments for each site will be undertaken as part of the full business case assessment
- 9.2 A set of principles for future housing within the North of Tyne were considered in April 2020 – including an aspiration for development to be as climate-ready as possible. Development on Brownfield land repurposes existing land that is often closer to transport links and other social infrastructure such as transport, health, education. Reusing suitable brownfield land, or land which has already been developed, can avoid harm to existing nature and reduces the need for new infrastructure. This in turn can reduce the need for further, carbon intensive development of this social infrastructure. Additionally, where brownfield land requires remediation or extensive works to ensure it is developable, we will aim to ensure net-positive outcomes through the regeneration and repurposing of land.

10 Consultation and Engagement

- 10.1 NTCA has consulted with the three constituent local authorities, the Housing and Land Board (which has cross-sector and national representation), Investment Panel and the Ministry for Housing, Communities and Local Government (MHCLG). NTCA officers have liaised with relevant officers from other combined authorities (namely Tees Valley, West Yorkshire, Sheffield City Region, Greater Manchester and Liverpool City Region) to understand their approaches in a wider context.

11 Appendices

None

12 Background Papers

None

13 Contact Officers

Callum Smith, Policy and Economic Advisor, callum.smith@northoftyne-ca.gov.uk

14 Glossary

BCR – Benefit Cost Ratio

BHF – Brownfield Housing Fund

MHCLG – Ministry for Housing, Communities and Local Government

MCA – Mayoral Combined Authority



Subject: Inclusive Economy Innovation Fund

Report of: Leigh Mills, Head of Inclusive Growth

Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to provide an update on progress with the development of an Inclusive Economy Innovation Fund for the North of Tyne and seek approval for next steps.

The combined authority has set out an ambitious agenda to deliver a more inclusive economy in the North of Tyne – this means ensuring that in our work to support the recovery, growth and prosperity of our economy, we do so with a focus on ensuring equity. The Inclusive Economy Innovation Fund set out in this paper represents a significant step in delivering this ambition. It provides an opportunity to build a cross-sector coalition of social investors who share the combined authority's vision, and to ensure that more residents from all parts of our society can participate in, and more equally benefit from our economy.

The fund will create impact at scale, drive innovation and support citizens to engage in meaningful projects. It is more critical than ever, in light of Covid-19, that we lever more resources to support new jobs and a more social economy, re-skilling of residents into new occupations, and ensuring groups hit hardest by the economic impacts of Covid are prioritised for support and opportunities. The fund will complement much of the progress made to date including the development of the Good Work Pledge, our Education Challenge and devolution of the Adult Education Budget.

The ambition set out in this report is to create a co-invested fund, at scale and over the long term – with up to £12m of funding available from the Combined Authority's investment fund to support this. NTCA will begin discussions with potential co-investors immediately and begin to shape a strategic partnership, backed by significant co-investment, that has the potential to build a more inclusive and equitable economy for all residents of the North of Tyne.

Recommendations

The Cabinet is recommended to:

1. Note the progress in relation to the development of an Inclusive Economy Innovation Fund for the North of Tyne.
2. Authorise the Head of Paid Service, in consultation with the Cabinet Portfolio Holder, to finalise next steps in taking forward the Fund, including approving a supporting Prospectus.
3. Welcome the consideration by NTCA Investment Panel of a future report setting out the delivery plan and operational processes for the Inclusive Economy Innovation Fund once finalised, following a period of consultation with potential co-investors.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 NTCA is committed to delivering an inclusive economy for the benefit of all our residents in the North of Tyne. The Covid crisis has radically altered the landscape in which we are working, putting poverty, inequality and the importance of economic and social cohesion at the forefront of people's minds. NTCA has been considering which projects and proposals need accelerating to mitigate the worst effects of the crisis and support a positive recovery based on resilient people and places. NTCA's Inclusive Economy Innovation Fund (IEIF) has been identified as a key response.

- 1.2 In April 2019 Cabinet agreed that up to £12 million could be allocated from the NTCA Investment Fund to prioritise innovative inclusive economy investment activities. In October 2019 Cabinet approved the IEIF priorities for investment, as part of suite of measures to support the delivery of an inclusive economy. This included prioritising people and groups which traditionally experience social disadvantage and economic exclusion, primarily:
- Residents who are out of employment
 - In-work, low-earning individuals
 - Individuals with low skills
 - Young people not in education, employment or training (NEET)
- 1.3 The £12 million allocation approved by Cabinet will be used to attract co-investment with an ambition of achieving a ratio of 3:1 leverage on the NTCA commitment. Crowding-in co-investment to the IEIF raises the profile of the Fund, maximises the value for money NTCA achieves and contributes towards the principles of the Fund agreed as:
- **Impact at scale:** creating a Fund which can go further, faster
 - **Innovation:** in both structure and delivery
 - **Citizen engagement:** co-developing the fund with our residents and their representative groups
 - **Business engagement:** creating a natural place for conversations about new economic and investment models to take place
- 1.4 NTCA has already signalled its intent with early investments in, and support for, the following projects; Return to Work, helping 300 carers into employment; NU Futures led by Newcastle United Foundation transforming the way young people furthest from the labour market transition from education to careers; Employability and Skills Programme Phase 1 unlocking ESF funds for the region by providing much-needed match funding; and, our recent Digital Inclusion project matching IEIF funding with Covid capacity funds to provide more residents with digital support during the lockdown and beyond. The majority of these projects have been co-funded, another important principle in relation to the IEIF's design and delivery.

IEIF and Covid

- 1.5 In discussion with Portfolio leads, our local authority partners and wider stakeholders we have identified five significant areas of impact for IEIF in relation to Covid:
1. **The shape of employment and unemployment will look radically different** Our local labour markets will look radically different to those before Covid. This makes helping people back into work, whether as a result of short-term unemployment or long-term worklessness much more urgent.
 2. **There is a renewed opportunity to address in-work poverty** The social and economic crisis we are facing has significantly altered our understanding of poverty - what it looks like, how easily people and families can fall into it and how hard it can be to escape.
 3. **The skills and progression agenda will be transformed** Low skills levels restrict many people to relatively poorly paid jobs and significantly reduce their likelihood of escaping low pay and in-work poverty. Providers and employers are increasingly looking at digital offers to sit alongside traditional face-to-face activities such as apprenticeships.
 4. **'Quaranteens': The Covid Generation** Young people are widely acknowledged to be at greatest risk from the scarring effects of the lockdown and subsequent economic disruption.
 5. **The impact of Covid will be place-specific** Our regional recovery plan describes this and indicates how place-based collaborations can deliver responsiveness, agility, innovation and impact.

Taking a Mission-based Approach

- 1.6 To deliver an IEIF which is truly transformative in scale and ambition, and communicates our vision clearly to co-investors, we propose that the Fund is based on clear Missions, to articulate our intended outcomes, with supporting indicators as measures of success:

Mission	Indicator
Make the North of Tyne synonymous with good work	<ul style="list-style-type: none"> • Significant proportion of employers signed up to the NTCA Good Work Pledge • Increased number of women/disabled/black and minority ethnic, and people from other protected groups who are represented in the workforce and in good jobs
Make poverty a thing of the past	<ul style="list-style-type: none"> • Proportion of households supported out of in-work poverty • Increased benefit entitlement uptake rates across the area • Increased skills levels across the area
Help every young person on a path towards a chosen career	<ul style="list-style-type: none"> • Demonstrable prevention of, and reduction in, the number of young people who are NEET in our area

- 1.7 These Missions will be central to a Fund Prospectus, a short, effective marketing document to be used to engage potential co-investors in initial discussions about the IEIF.

Co-designing for Impact

- 1.8 The IEIF has the potential to act as a practical demonstration of NTCA putting co-design and co-creation into practice. For the IEIF to have relevance and impact at scale we propose:
- Working with our corporate stakeholders on the missions and vision for the Fund.
 - Working with interested funders and intermediaries to shape the design and delivery of the Fund – including charitable funders such as NESTA or regional partners such as DWP.
 - Working through NTCA’s established community networks to build a longer-term programme of citizen-engagement in relation to the Fund – to help us understand ‘what works’ in addressing poverty, inequality and inclusion.
 - Learning from programmes and areas ahead of us in this space – for example, the Bristol City Fund which uses an initial £10m joint investment to “create positive and transformative change in Bristol by bringing businesses, community organisations, funders and the public sector together”.¹
- 1.9 The Fund has a significant role to play in the Covid recovery agenda, and any future devolution settlements. This is both as an enabler of projects which can deliver system change and influence mainstream services, as well as a mechanism for leveraging, and then routing funding to functional economic areas, directly supporting the Government’s levelling up agenda. Careful co-design with stakeholders will ensure that funding does not duplicate or displace other resources, especially as the national funding response to Covid continues to evolve.

Governance and Next Steps

- 1.10 As outlined in the Devolution Deal NTCA’s Inclusive Economy Board has an important advisory role to play in relation to activities such as the IEIF, supporting their development and delivery. Subject to Cabinet approval to proceed, and initial feedback from potential investors, next steps are proposed as follows:

¹ Bristol City Funds <https://www.bristolcityfunds.co.uk/> accessed 11 August 2020

October 2020	Prospectus finalised by the Head of Paid Service and Portfolio holder, in consultation with the Inclusive Economy Board.
Late 2020 onwards	Initial marketing activity with regional and nation co-investors.
Spring 2021	Period of engagement and co-design with potential co-investors to agree delivery of IEIF.
Spring/Summer 2021	IEIF delivery plan and operational processes presented to Investment Panel for consideration.

- 1.11 Subject to dialogue with, and appetite, from investors we are envisaging up to a three year ‘design and build’ phase, after which we expect the Fund will meet in full the strategic ambitions set out above. During the initial design and build phase, several milestones will be achieved including; development of a delivery plan, and associated process to allocate funding to be presented to Investment Panel for approval; crowding-in of investors by securing additional co-investment pledges; and undertaking pilot activity as appropriate. This would not preclude NTCA continuing to make rapid enabling investments in innovative projects which deliver our inclusive economy ambitions in the interim. In such instances, proposals would be taken through the usual Assurance Framework route.
- 1.12 The above ‘design and build’ phase assumes that the IEIF will be active from 2023-28 (see 4. Financial and Other Resource Implications). Based on this timeframe a process would be agreed with Cabinet to approve subsequent bids to the IEIF in advance of April 2023.

2. Potential Impact on Objectives

- 2.1 NTCA’s Vision is of a “dynamic and more inclusive economy...[which narrows] inequalities”.² We are committed to giving everyone the opportunity to thrive – to achieve a fair wage, and access good jobs, and by working in partnership with business and civil society to achieve this. Our Inclusive Economy Policy Statement reinforces this by committing NTCA to developing an investment approach that explicitly links growth with inclusion.³ This includes specific ambitions to close the earnings, hours, skills and employment gaps for residents in the North of Tyne – delivered by projects including the Inclusive Economy Innovation Fund.

3. Key Risks

- 3.1 The following key risks have been identified in relation to the proposals:

Area	Risk	Mitigation
Scope of work	Proposed activities fall outside of NTCA’s powers & accountabilities.	NTCA officers have sought advice from the Portfolio holders and NTCA’s Directors to ensure the proposed activities are appropriate and proportionate.
Approach to market	The intent or scope of the Fund is not clearly articulated, creating reputational risk.	NTCA has sought specialist advice to ensure the approach is suitable for the ambitions of the Fund. Subject to approval, NTCA officers will work closely with the Head of Communications on the final Prospectus.

- 3.2 The IEIF has the opportunity to be an important exemplar approach for the delivery of an inclusive economic recovery from the Covid crisis.

² Home of Ambition: The Vision for the North of Tyne Combined Authority, November 2018, p3

³ Inclusive Economy Policy Statement, North of Tyne Combined Authority, December 2018, p4

4. Financial and Other Resources Implications

4.1 The proposals as set out in this report require resources of up to £12m from the NTCA Investment Fund to be made available for the launch of a strategic and co-invested IEIF. Due to the long-term nature of the approach proposed, investment should be made available for a minimum period of five years from the point that the delivery plan and mechanisms associated with the Fund are agreed – this requires funds to be committed beyond the Combined Authority’s initial Gateway Review in 2023. Based on the expected timetable in the report consideration will be sought in budget setting for 2023-28 to ensure that funds are available and can be defrayed throughout the period to 2028.

5. Legal Implications

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

6. Equalities Implications

6.1 It is anticipated that NTCA’s IEIF will have limited negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010. Moreover, by developing an IEIF which is responsive to the needs of particular places in the North of Tyne it will specifically deliver the aims of the 2010 Equality Act to advance equality of opportunity for all, especially for residents experiencing low pay/socio-economic disadvantage.

7. Inclusive Economy Implications

7.1 The IEIF is part of NTCA’s Employability and Inclusion policy priority, developing activities and interventions which achieve local economic resilience via strengthened communities, and more and good jobs. The IEIF will specifically support the development of an inclusive economy in line with the following characteristics:

- **Participation** – Delivering a people-centred approach to local economic development by co-designing and delivering the Fund with civil society specialists and our local residents.
- **Equity** – By maximising the value of NTCA funding and building a coalition of committed co-investors tackling inequality in the North of Tyne.
- **Growth** – By building a Fund which supports good jobs and work opportunities and tackles in-work poverty, directly targeting poorer communities, families and individuals.

8. Climate Change Implications

8.1 There are limited climate change implications to this report, however the IEIF will offer NTCA the opportunity to learn from co-investors in areas of ethical and sustainable investment, of which low carbon and net zero are important considerations.

9. Consultation and Engagement

9.1 Following Cabinet approval of the priorities for the IEIF in late 2019 NTCA officers, under the direction of Portfolio holders, worked with our constituent local authority partners to conduct exploratory conversations with a small number of prospective co-investors to understand the landscape, appetite and interest in the IEIF policy concept and potential approaches.

9.2 As the Covid crisis unfolded officers continued to work closely with the Portfolio holder and Newcastle, North Tyneside and Northumberland local authorities to ensure the proposal evolved in an effective and relevant way. Subject to approval of next steps it is intended that direct market engagement with co-investors will form the next substantive phase of co-design and co-creation.

10. Appendices

None

11. Background Papers

Employability and Inclusion Portfolio Update, [Report to Cabinet](#), October 2019

12. Contact Officers

Leigh Mills
Head of Inclusive Growth
07855 100179 leigh.mills@northoftyne-ca.gov.uk

13. Glossary

IEIF	Inclusive Economy Innovation Fund
NEET	Not in education, employment or training
NTCA	North of Tyne Combined Authority
DWP	Department for Work and Pensions



Subject: Supporting Young People into Employment – Kickstart and Youth Hubs
Report of: Head of Inclusive Growth
Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to seek support from Cabinet regarding our approach to the delivery of the Kickstart Scheme and the development of Youth Hubs to support young people access good job opportunities, build their skills and work experience.

COVID19 has led to an unprecedented increase in unemployment. Across our area the most vulnerable and disadvantaged have been the hardest hit - especially young people. Previous recessions have taught us that young people are impacted first – and recover last. Without action now, the long-term scarring effects can be significant. Our aspiration is to provide all young people with good job opportunities, to build their skills in and out of the workplace and to allow them gain experience that will improve their chances of going on to find long-term sustainable work.

The Kickstart Scheme and development of Youth Hubs will allow the authority to add value to resources from across the private, public, and voluntary sectors - ensuring that young people across the North of Tyne - have access to a supply of new local opportunities and enhanced advice, support and training that they require to move on and recover from the current crisis.

We will reach out to local employers to encourage participation in the Kickstart scheme and ensure that enough placements are available for young people, that these placements are in key sectors and that they are of a high quality. Through the development of Youth Hubs we will, alongside our partners, provide better coordination of employment support, skills and advice to young people. We will maximise our collective resources and support through flexibility, innovation and collaboration to ensure that we plan for and meet future demand.

Recommendations

The Cabinet is recommended to:

- Support the proposed approach to the Kickstart Scheme;
- Support the development of Youth Hubs in collaboration with NTCAs constituent local authorities, Jobcentre Plus and wider partners;
- Allocate up to £500,000 from the Inclusive Economy Innovation Fund budget, subject to full business case, to support the NTCAs role as a Representative/Intermediary body for the Kickstart scheme;
- Allocate up to £400,000 from the Inclusive Economy Innovation Fund budget, subject to full business case, to co-invest alongside DWP in a Youth Hub approach as detailed in the report;
- Authorise the Head of Paid Service, in consultation with Investment Panel and the Portfolio Holder for Employability and Inclusion to consider business cases for funding in relation to Kickstart and Youth Hubs referenced above and to finalise any funding awards.

1. Background Information, Proposals and Timetable for Implementation

Background

- 1.1 COVID19 has led to an unprecedented increase in unemployment. Across our area the most vulnerable and disadvantaged have been the hardest hit - especially young people. Previous recessions have taught us that young people are impacted first – and recover last. Without action

now, the long-term scarring effects can be significant. Our aspiration is to provide all young people with good job opportunities, to build their skills in and out of the workplace and to allow them gain experience that will improve their chances of going on to find long-term sustainable work. To do this we need to develop and deliver national, regional and local approaches in a co-ordinated way to provide appropriate and timely support to young people.

Creating a range of support

- 1.2 In July the Chancellor announced a 'Plan for Jobs' the second part of a three-phase national approach to secure the UK's economic recovery from coronavirus. These measures are designed to help protect jobs in the longer term and specifically focus on supporting young people including Kickstart Scheme, investment in Apprenticeships and Traineeships. At a regional level the NTCA is working with the NE Economic Response Group as a first step in dealing with the crisis and planning for recovery, including measures to support young people. Finally, the NTCA's Inclusive Economy Board has turned its focus to young people and is looking at ways to re-invigorate the supply of local opportunities for young people.

NTCA DWP Framework Agreement

- 1.3 Our approach to strengthen education, skills and employment interventions to improve outcomes especially for young people needs initially to be seen within the context of the NTCA DWP Framework Agreement, which was signed off by the Secretary of State on Friday 11th September 2020. The Agreement will enable us to drive the better coordination of employment, skills and health services across the North of Tyne area in order to increase the number of residents moving into work. Collaboration, innovation and co-design are at the heart of the Agreement and this therefore sets the context for our proposed approaches to both Kickstart and Youth Hubs.

Greater Collaboration

- 1.4 The development of the NTCA DWP Framework Agreement, Kickstart and Youth Hubs provide an opportunity for NTCA to further advance our relationship with the three constituent Local Authorities. There is an expectation that delivery of these interventions will be collaborative and that we will work together on an optimal approach to resourcing.

Kickstart Scheme

- 1.5 One of the measures announced by the government in July is the Kickstart Scheme which provides funding to employers to create new 6-month job placements for young people who are currently on Universal Credit and at risk of long-term unemployment. The first placements are likely to be available from November. Funding will cover for each job placement:
- 100% of the relevant National Minimum Wage for 25 hours a week
 - the associated employer National Insurance contributions
 - employer minimum automatic enrolment contributions
- 1.6 Employers who can offer 30+ placements can apply directly to DWP to become part of the scheme, however, to encourage SME's to access the scheme employers unable to offer 30 jobs can apply via a Representative, such as Trade Bodies, Charities, similar employers, Local Enterprise Partnerships, Local Authorities or Mayoral Combined Authorities.
- 1.7 Representatives will undertake a diverse role but importantly will reach out to local employers and certain sectors to encourage participation in the scheme, especially from SME's. The Representative will review and ensure any proposed job placements are eligible for the Scheme, and submit the application for funding on the employers behalf and will process the payments. The Representative can also provide administrative and wraparound support to SMEs who do not have established HR functions.
- 1.8 The proposed Representative needs to have a minimum of 30 job placements from a group of employers before applying (including details of the job placements proposed by the group of

employers; details of their business and information about the support they plan to offer the young people). DWP will carry out an assessment of the suitability of representatives and the assessment is based on the following criteria:

- experience of managing partnership agreements with third parties
- robust financial and governance processes to manage the application

NTCA as an Employer Representative

- 1.9 NTCA is well placed to assume the Representative Role. We can provide a strategic overview and use our convening power to ensure that enough Kickstart placements are available in our area, that they are in sectors with actual job vacancies and are of quality in line with the expectations of the NTCA Good Work Pledge. Further, the added value of NTCA being the employer Representative will be that it can provide economies of scale in terms of providing marketing and communications and the administration of the scheme. Assuming the role of Employer Representative could provide access to vital investment funds and existing grant funding, such as European Social Fund (ESF) and Adult Education Budget (AEB) to add value to the core offer from government, in support of a coordinated approach to a wraparound offer. .

Development of Youth Hubs

- 1.10 Youth Hubs are being established across the country by Jobcentre Plus, augmenting their capacity and ability to meet the needs of young people who are out of work. Youth Hubs are a coordination of 'end to end' support available for all young people in the NTCA – including 'pre' and 'post' support for Kickstart, Apprenticeships, Traineeships, sector-based work academy programmes etc. Many of the services that would be included under the banner of a youth hub are already mainstream funded. The precise delivery arrangements will differ from area to area depending upon local conditions.
- 1.11 The introduction of virtual and physical Youth Hubs across the NTCA area, in partnership with Jobcentre Plus, colleges and providers will allow us to:
- ensure we can act quickly in a rapidly changing context;
 - maximise our collective resources through flexibility, innovation and collaboration;
 - create opportunities for employers to join forces with us in support of young people;
 - ensure national initiatives have maximum impact, reach those who need support and offer the best experience for those engaged in them;
 - provide a consistent offer across NTCA from urban to rural areas, which enables and supports young people to transition from education to work or further training;
 - ensure we can plan for and meet future demands.
- 1.12 Work is underway with DWP colleagues to develop a range of projects to support the delivery of Youth Hubs. Joint business cases are being developed to access the DWP Flexible Support Funding (FSF) to address gaps in our local offer, including removing barriers to employment, supporting local employer engagement and job brokerage schemes.

An Evolving Approach to employment and skills

- 1.13 However the development of Youth Hubs must be viewed as an evolving approach to how we co-ordinate employment, skills and health related services across the area. Once the foundations have been established, it is proposed that we will develop this concept and capacity to deliver across our other priorities and resident groups. Adopting a strategic and coordinated approach, underpinned by the NTCA DWP Framework Agreement. We anticipate this approach will provide:
- alignment with other national interventions such as Apprenticeships and Traineeships;
 - broadening the cohort beyond young people and wider strategic collaboration;
 - options for shared resource deployment, formalised plans and pooling of resources – including potential investment from DWP Flexible Support Fund and NTCA Inclusive Economy Innovation Fund;

- a mechanism for the principles and intent of the NTCA DWP Framework agreement to be delivered;

Communications

- 1.14 While some of the detail regarding the delivery of Kickstart and Youth Hubs is still being developed and decisions are yet to be reached, there is an opportunity for NTCA to create a number of key messages to be cascaded to different audiences to raise awareness of these interventions, to emphasise NTCA's strategic role but using these messages as a platform to possibly influence decisions on future delivery: For example
- To galvanise our local employers to work with us not only to create new placements but to support the principles of the NTCA Good Work Pledge;
 - To provide assurance to our young people that timely and appropriate support is available;
 - To develop a shared narrative and story with our local stakeholders to encourage greater trust, collaboration and innovation; and
 - To potentially influence the future policy and direction of national programmes.
- 1.15 Subject to receiving approval from Cabinet regarding the recommendations within this report it is proposed that NTCA develop a communications strategy to support our approach to Kickstart and Youth Hubs.

Scheme of Delegation

- 1.16 This report proposes to authorise the Head of Paid Service, in consultation with Investment Panel and the Portfolio Holder for Employability and Inclusion to consider business cases for funding in relation to Kickstart and Youth Hubs referenced above and to finalise any funding awards.
- 1.17 This will enable NTCA the flexibility and ability to respond quickly to changes in both national policy and funding opportunities.
- 1.18 Delegated decision will also give NTCA the flexibility and ability to respond quickly to the rapidly evolving situation related to COVID19.

2. Potential Impact on Objectives

- 2.1 The development of Youth Hubs and the delivery of Kickstart supports the NTCA pillar 'Hotbed of talent' empowering our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair wages. We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

3. Key Risks

- 3.1 There are several potential risks identified below however, to mitigate these risks a comprehensive risk register will be produced to support the implementation of the Kickstart Scheme and Youth Hubs.
- Displacement: employers using Kickstart placements instead of offering permanent job opportunities, apprenticeships or roles to older workers;
 - Providers acting as Representatives using the scheme as a source of income and profit by applying high administration fees to small companies;
 - A lack of 'good' quality placements being offered, only serving to delay unemployment for some young people;
 - A lack of demand from employers to create placements due to economic uncertainty as a result of Covid19;

- Local lockdowns leading to reduced economic activity and reduced creation of Kickstart placements.

4. Financial and Other Resources Implications

- 4.1 The Kickstart Scheme will be demand led and underpinned by organisations offering placements and young people's willingness to engage – therefore the ultimate scale is to be determined. DWP have stated that Representatives will receive an administrative payment of £300 per placement. In order to ensure NTCA is sufficiently resources to deliver a high quality Kickstart programme and can provide additional wraparound support for young people and placement hosts, Cabinet is requested to allocate up to £500,000 from the Inclusive Economy Innovation Fund, subject to full business case and Investment Panel approval.
- 4.2 As identified in paragraph 1.12 initial work is underway with JCP, local authority colleagues and wider partners to develop a funding application for DWP Flexible Support Fund (FSF) that will enhance support available to young people in the NTCA area and support our overall approach to Youth Hubs, including provision of additional capacity to support partnership working and boost collaboration. NTCA Cabinet is requested to allocate up to £400,000 from the Inclusive Economy Innovation Fund, subject to full business case and Investment Panel approval to co-invest alongside DWP and to provide match funding for the Flexible Support Fund application.

5. Legal Implications

- 5.1 The comments of the Monitoring Officer have been incorporated in this report

6. Equalities Implications

- 6.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
- 6.2 We will encourage all organisations involved in either Youth Hubs and Kickstart to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

7. Inclusive Economy Implications

- 7.1 The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.

8. Climate Change Implications

- 8.1 The Combined Authority has considered the implications relating to climate change in decisions regarding the development of Youth Hubs and the delivery of Kickstart and believe there will be no negative impact as a result.

9. Consultation and Engagement

- 9.1 Consultation has taken place with colleagues from DWP, constituent Local Authorities, other MCA's and NELEP. NTCA officers will continue to meet regularly with these key stakeholders to ensure a co-ordinated approach to both the delivery of Kickstart and Youth Hubs.
- 9.1 Officers will also continue to work collaboratively with national strategic partners and local stakeholders to develop and deliver activity to ensure it complements, rather than duplicates the wider provision to support our residents to move towards or into productive and sustained employment.

10. Appendices

None

11. Background Papers

None

12. Contact Officers

Leigh Mills, Head of Inclusive Growth, leigh.mills@northoftyne-ca.gov.uk, 07855 100179
Ruth Gaul, Project Manager, ruth.gaul@northoftyne-ca.gov.uk 07500 997539

13. Glossary

AEB	Adult Education Budget
DWP	Department of Work and Pensions
ESF	European Social Fund
FSF	Flexible Support Fund
JCP	Job Centre Plus
MCA	Mayoral Combined Authority
NELEP	North East Local Enterprise Partnership

14. Sign-off

1) Mayor and Portfolio holder Yes	2) Director/SMT Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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Subject: Adult Education Budget Devolution
Report of: Head of Inclusive Growth
Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to outline the performance management arrangements related to the devolved Adult Education Budget (AEB) and to seek approval for a recommended approach to allocating AEB funding 'in year' to both Contract for Services and Grant Providers.

In November 2019 the statutory order to devolve the Adult Education Budget (AEB) to the North of Tyne Combined Authority (NTCA) was approved. This enables over £24 million in Government money for adult education to be transferred to NTCA from 1st August 2020 onwards. With Cabinet approval the devolved AEB has been allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services.

Devolution of AEB has provided the opportunity to make commissioning decisions on a truly placed-based approach and forward-looking basis. We believe we have structured the fund in a way that will secure better outcomes for our residents and business, with greater participation in quality qualifications linked directly to the opportunities available in our area.

The impact of COVID19 is being closely monitored and we have already made progress to ensure that the AEB will support the area's recovery. The performance management and funding arrangements set out in this report will allow us to respond quickly to changes in the labour market and to support residents who may need additional support to access skills for employment.

NTCA will continue to work collaboratively with providers and relevant stakeholders to deliver a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

Recommendations

The Cabinet is recommended to:

- Note the performance management arrangements in place to monitor the devolved AEB
- Authorise the Head of Paid Service, in consultation with the Cabinet Member for Employability and Inclusion to approve funding allocations to both Contract for Services and Grant Providers.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 As previously reported to Cabinet the statutory order to devolve AEB to the North of Tyne Combined Authority (NTCA) has been approved and NTCA's devolved AEB funding allocation for 2020/21 is £24,104,031 which includes a one year only amount of £959,064 to invest in High Value Courses and sector based work academy programmes as part of the Chancellor's announcement on the Plan for Jobs to support Young People during the COVID19 crisis.
- 1.2 With Cabinet approval the NTCA devolved AEB has been allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services.

- 1.3 We have worked hard to begin to shape delivery of adult education towards what our communities and businesses need, working closely with all relevant providers and stakeholders. The impact of COVID19 is being closely monitored and we have already made progress to ensure that the investment will support the area's recovery, as laid out in detail in the July 2020 Adult Education Budget Devolution cabinet report.
- 1.4 NTCA are keen to continue to develop our approach to strategic relationship building and partnership working, to develop a shared understanding of NTCA's long-term strategic ambitions and priorities that result in localised, flexible, high quality provision that responds to the needs of our residents and employers.

Performance management arrangements

- 1.5 AEB officers will work with all NTCA funded providers, regardless of whether they are funded by a Grant Agreement or Contract for Services, through proactive and collaborative performance management that will support us to understand and improve the impact and outcomes for our residents through the devolved AEB funding.
- 1.6 Provider performance management will be a risk-based approach focused on the value of the contract, quality of provision, contract compliance, data submissions, overall progress against delivery plans, financial resilience and audit and assurance.
- 1.7 All NTCA funded AEB providers have submitted a detailed delivery plan and payment profile for the funding year, which will provide the vehicle upon which the provider's performance will be monitored. Providers will be paid monthly, in arrears, against that profile, with reconciliation points throughout the year.
- 1.8 Whilst we are taking a risk-based approach, we want the performance monitoring approach to be capable of moving funding around in-year in response to performance and demand. Alongside the regular reconciliation points, we want all our providers to identify when they are not meeting profile or when they are experiencing higher demand so we can look to re-distribute funding throughout the year.
- 1.9 All 'in year' funding allocations and reconciliation processes will be guided by the commissioning principles set out in the AEB Strategic Skills Plan. We will work closely with providers to ensure a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.
- 1.10 Procurement exercises will continue to be undertaken for 'unallocated' funding where necessary, however we also require flexibility to allocate funding to both Grant and Contract for Service providers where underperformance has been identified or there is evidence of increased demand.

Impact of COVID19

- 1.11 The COVID19 crisis is a rapidly evolving situation and makes it even more important that we co-ordinate NTCA's devolved AEB funding and focus priorities to ensure that it supports the Economic recovery.
- 1.12 There is a risk that delivery could be delayed as measures to 'open up' classroom-based learning are implemented. Equally a 'second wave' of the COVID19 pandemic may result in another full lockdown. These risks are mitigated by the ability of some providers to offer 'on-line' provision if classroom-based learning is delayed or lockdown measures are reintroduced.
- 1.13 However, we are also mindful that performance against delivery profiles may suffer and that some providers may not 'recover' from a further lockdown. The need to be able to re-distribute funding to maintain delivery will be essential if this is the case.

- 1.14 Further devolved AEB may become available as a result of the crisis and NTCA will also need flexibility to allocate quickly to Grant and Contract for Service providers who have the resource and capacity to deliver more skills support.

Scheme of Delegation

- 1.15 This report proposes to authorise the Head of Paid Service, in consultation with the Cabinet Member for Employability and Inclusion to approve in year funding allocations to both Contract for Services and Grant Providers.
- 1.16 This will enable NTCA to re-distribute funding in response to performance and demand. It will further mitigate risks related to an 'underspend' of AEB delivery and enable us to respond to growth areas of provision rapidly.
- 1.17 Delegated decision for in year funding allocations will give NTCA the flexibility and ability to respond quickly to the rapidly evolving situation related to COVID19.

2. Potential Impact on Objectives

- 2.1 The devolved AEB supports the NTCA pillar 'Hotbed of talent' empowering our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair wages. We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

3. Key Risks

- 3.1 AEB Devolution features as a strategic risk on the NTCA Strategic Risk Register. In addition, at a project level, appropriate risk management processes are in place to identify and mitigate risks, with escalation requirements embedded,

4. Financial and Other Resources Implications

- 4.3 Funding allocations as a result of performance management and demand will not exceed the overall devolved AEB funding and will be guided by the commissioning principles set out in the AEB Strategic Skills plan.
- 4.4 NTCA will review the performance of the devolved AEB at quarterly monitoring points, the first of which is in November 2020. This will enable NTCA to have a more informed picture of delivery in the first quarter of 2020 and enable any gaps to be addressed and any growth to be supported. This ongoing monitoring will enable NTCA to respond to the ongoing COVID19 crisis, any other 'Economic Shocks', unexpected fluctuations in the skills sector, and potential increases in digital entitlement.

5. Legal Implications

- 5.1 The Interim Monitoring Officer's comments have been incorporated within this report

6. Equalities Implications

- 6.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
- 6.2 Each organisation the Combined Authority will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process,

we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.

- 6.3 In addition, we will encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

7. Inclusive Economy Implications

- 7.1 The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.
- 7.2 The Adult Education Budget will be used to better equip residents with low or no qualifications in the North of Tyne with the skills required to participate in our key growth sectors. The realignment of provision towards the North of Tyne growth sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.
- 7.3 The Combined Authority will continue to monitor the impact of the Adult Education Budget on the inclusive economy aspirations as part of all performance management processes.
- 7.4 In due course, all providers will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

8. Climate Change Implications

- 8.1 The Combined Authority has considered the implications relating to climate change in decisions regarding allocation of the Adult Education Budget and believe there will be no negative impact as a result.
- 8.2 All providers are required to provide assurance that they have an environmental and sustainability policy.
- 8.3 In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the Combined Authority will monitor compliance through performance management processes.
- 8.4 With the impact of COVID19, early indication shows the provider base in the Combined Authority have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the Combined Authority understand this will likely reduce carbon emissions associated with staff and learner travel.

9. Consultation and Engagement

- 9.1 NTCA have been in continual communication with NTCA Grant and Contracted providers to ascertain the impact of the COVID19 crisis on their current delivery and gather intelligence on what additional provision could be made available through the AEB provider base to support recovery.
- 9.2 NTCA officers maintain regular contact with relevant stakeholders including the North East LEP, Skills Providers, the Department for Work and Pensions, the Department for Education and Employers. This supports co-ordination of vacancy opportunities and skills development.
- 9.3 NTCA AEB officers attend regular meetings with DfE, ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.
- 9.4 NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather

than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

10. Appendices

None

11. Background Papers

AEB Strategic Skills Plan

AEB Cabinet papers 24th April 2019, 4th June 2019, 30th July 2019, 22nd October 2019 and 25th February 2020.

AEB Delegated Decision Report March 2020

AEB Delegated Decision Report June 2020

12. Contact Officers

Leigh Mills, Head of Inclusive Growth, leigh.mills@northoftyne-ca.gov.uk, 07855 100179

Michelle Stone AEB Policy and Data Officer michelle.stone@northoftyne-ca.gov.uk 07813 766998

13. Glossary

AEB	Adult Education Budget
AY	Academic Year
DfE	Department for Education
DWP	Department for Work and Pensions
ESFA	Education and Skills Funding Agency
ESOL	English for Speakers of Other Languages
MCA	Mayoral Combined Authority
NTCA	North of Tyne Combined Authority

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Subject: Business Competitiveness Portfolio Update

Report of: Councillor Nick Forbes

Portfolio: Business Competitiveness

Report Summary

The purpose of this report is to provide Cabinet with an update on progress across the Business Competitiveness Portfolio – which prioritises cross-sector innovation, entrepreneurship and investment in activities to support a more inclusive economy in the North of Tyne.

The paper outlines current and planned investments that are helping to create and sustain jobs; promote the North of Tyne as a place to innovate and do business; and maximise the potential of our national assets and world-leading R&D capability - supporting our post-Covid economic recovery and our transition to net-zero.

The priorities within this Portfolio – Digital, Ageing and Green Growth – are fundamental planks of a post-Covid economy. They build on our existing strengths as a region – such as our National Innovation Centres for Data and Ageing, our Clean Energy sector, and our comparative advantages as a fundamentally interconnected urban, coastal and rural Combined Authority area.

The paper shows how we are translating this potential into delivery through a number of headline investments, such as our forthcoming £10m Green New Deal Fund and £10m Digital Growth and Innovation Programme.

Our goal within this Portfolio is to invest in the building blocks for transition to inclusive, green and innovative post-Covid growth - supporting the recovery of jobs and livelihoods, skills, and support for our future economy.

Recommendations

Cabinet is recommended to:

1. Welcome progress in relation to delivering the Combined Authority’s priorities for the digital, green growth and ageing and longevity sectors;
2. Note next steps in relation to the ongoing activity to deliver the Cabinet’s priorities in these areas.

1. Purpose and Progress

1.1 Purpose

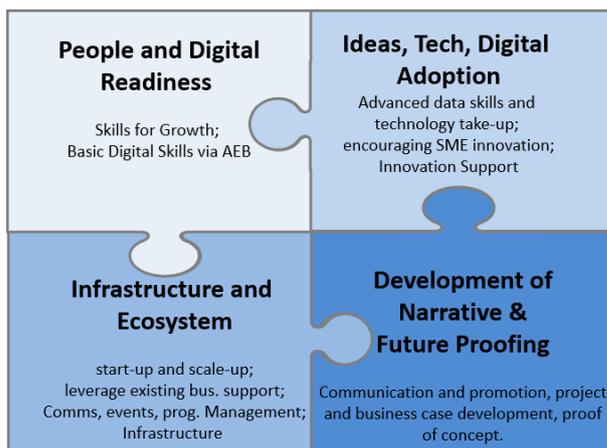
- 1.1.1 This Portfolio prioritises innovation, entrepreneurship and investment in activities to support a more inclusive economy in the North of Tyne.
- 1.1.2 Below we detail a number of current and planned investments that are helping to create and sustain jobs; promote the North of Tyne as a place to innovate and do business; and maximise the potential of our national assets and world-leading R&D capability - supporting our economic recovery and our transition to net-zero.

- 1.1.3 Over recent months, this work has been undertaken against the backdrop of the Covid-19 pandemic, which has had a significant impact across the region, on residents and businesses. The cross-sector response has been unprecedented. There are signs that many businesses are bouncing back after national lockdown, but recovery will continue to be fragile. We will need to do everything we can as a region to ensure we keep jobs and create routes to post-Covid growth.
- 1.1.4 The priorities within this Portfolio – Digital, Ageing and Green Growth – are fundamental planks of a post-Covid economy. As noted above, they build on our existing strengths as a region – such as our National Innovation Centres for Data and Ageing, our Clean Energy sector, and our comparative advantages as a fundamentally interconnected urban, coastal and rural Combined Authority area.
- 1.1.5 Our approach is deliberately cross-sector: seeking to build public-private-social partnerships that can support innovation, shape future markets, and open up opportunities for more of our residents. Investing in this innovation potential is a core part of the NTCA’s Economic Vision and has been central to the growth pathways of several major global cities and regions.
- 1.1.6 The updates in this paper demonstrate the progress that has been made to date. These include:
- **NTCA’s Digital Growth and Innovation Programme** – a £10m programme with a range of interventions contributing to business resilience and the pandemic recovery phase, as well as driving potential for growth. In addition, NTCA’s reshaped AEB offer will provide extra digital skills support while the Local Full Fibre Programme is improving broadband infrastructure in rural Northumberland.
 - **Development of an NTCA Green New Deal Fund** – a bold £10m initiative to stimulate innovation and business growth in the areas of energy efficiency, renewables and low carbon transport; and leverage significant additional resource to support the Net-Zero transition plans set out by each of our Constituent Authorities.
 - **Globally relevant product innovation** - the recent approval of an internationally significant R&D Demonstrator led by P&G, which supports innovation in low-waste product development; and
 - **Innovation in Ageing products and services** -the development of our approach to position the North of Tyne as a leader in responding to ageing and the longevity economy.
- 1.1.7 We know that the region has significant vulnerabilities in the context of Covid-19 – including reliance on heavily impacted sectors such as tourism, culture and retail and pre-existing higher levels of unemployment and economic inactivity.
- 1.1.8 So our goal within this Portfolio is to invest in the building blocks for transition to inclusive, green and innovative post-Covid growth - supporting the recovery of jobs and livelihoods, skills, and transition to a future economy that maintains the region as a significant exporter to the world.
- 1.2 Digital Sector: Digital Growth and Innovation Programme Update**
- 1.2.1 In January 2020, NTCA Cabinet agreed a digital sector narrative and a set of initial priorities that form an ambitious NTCA Digital Growth and Innovation Programme – with an overall budget allocation of £10m. The programme objectives are to:
- grow the number and scale of ‘digital’ companies in the North of Tyne – supporting the existing cluster to survive and thrive;

- maximise the impact of data and digital across our whole economy – including the role of data and technology in driving productivity, efficiency, innovation, business resilience and Covid recovery; and
- support the digital inclusion of residents and overall digital skill levels in the NTCA area.

1.2.2 Overall, the programme will provide a balanced and future oriented strategy for the digital sector, will drive improved digital connectivity and the wider adoption of digital technology across society and the economy. Preparing our businesses and communities for the future is a key part of the long-term value add of the Combined Authority.

1.2.3 The NTCA Digital Growth and Innovation Programme sets out actions in four key areas, as shown below:



1.2.4 Our programme recognises that the NTCA, its constituent local authorities and other key institutions have already taken significant steps to strengthen our position as a national leader in the digital economy, including by:

- Securing the National Innovation Centre for Data, with over £30m of investment from Government and Newcastle University;
- Securing investment in digital connectivity through Government’s Local Full Fibre funding, together with private sector investment;
- Collaborating on an emerging proposition for a Centre for Connected Construction – which aims to improve aspects of the construction industry and building design and management through the application of digital technology; and,
- Securing significant new developments in digital infrastructure including the North Atlantic Loop, providing data connectivity improvements and the Stellium Datacentre.

1.2.5 The NTCA’s Digital Growth and Innovation Programme will also help ensure that digital, in all its forms, supports the NTCA economy to create and safeguard jobs and deliver a post-Covid economy that is more inclusive, more innovative, more productive and greener than before.

1.2.6 The following sections set out progress made to date and next steps for the NTCA Digital Growth and Innovation Programme.

Progress to Date

- 1.2.7 Cabinet has stated that the development of new technologies and the adoption at scale of digital solutions are central to remaining competitive and maintaining an economy which delivers good pay. The impact of Covid-19 on our economy and public services has further highlighted the importance of online channels in maintaining business and service continuity and agility.

Digital adoption

- 1.2.8 The growth of data, digitalisation and technology continues to offer opportunities for diversification and growth. New markets are continually developing for innovative products and services. Technology will be essential when addressing some of society and the economy's forthcoming challenges – including the need to decarbonise transport, the development of new models of adult social care and ensuring a green and inclusive economic recovery.
- 1.2.9 The 'Digital Adoption North of Tyne' programme has now been approved by Delegated Procedures and leverages match funding from the national Digital Catapult and private sector co-investment. The £1.54m project will be delivered by Digital Catapult NE and Tees Valley, with the NTCA providing £0.75m of funding. Over the next three years, businesses will benefit from an initial phase of light touch basic digital adoption support and a significant package of in-depth and intensive advanced digital adoption support. Business needs will be assessed, as will the potential for improvements through better use of digital approaches. The project will provide support to at least 230 SMEs, with over half of these receiving at least 12 hours of guidance. It is expected that 30 jobs will be created and a further 50 jobs will be safeguarded.

Investing in our Digital Assets – North of Tyne focused delivery from the National Innovation Centre for Data

- 1.2.10 The Investment Fund Update to be considered by Cabinet this month includes a recommendation to approve funding for a project which will support companies to make better use of their data, with the project delivered through a partnership between the NTCA and the National Innovation Centre for Data (NICD).
- 1.2.11 NICD is one of the strongest assets in the area, with the £30m investment joint funded by UK Government and Newcastle University. Its objectives are to:
- Address the availability shortage of data skills in the UK
 - Transfer practical data skills into the workforce of private and public sector organisations
 - Empower organisations to gain insights from their data to:
 - optimise existing operations and create efficiencies
 - launch new products and services
 - Open access to a vibrant data ecosystem
- 1.2.12 Better use of data holds the key to addressing some of the most significant challenges confronting the NTCA area and the UK, whether that is tackling congestion and improving air quality, developing ground-breaking diagnosis systems to support our NHS, or making businesses more productive. Data-enabled innovation can also be used to personalise services and improve the consumer experience. It can form the basis of brand-new products across a range of sectors – from unlocking new healthcare treatments, to enabling smart devices.

- 1.2.13 Smarter use of data will also be fundamental to managing post-Covid recovery for our region. This proposed investment into, and partnership with, NICD will be foundational in building a North of Tyne Office for Data Analytics - a vital part of the devolution picture, developing the capability for cross-sector commissioning and analysis of the wider social, economic and health impact of our investments. It will also provide opportunities for us to explore the ways in which NICD's expertise can support productivity growth in what are traditionally understood as low-productivity and low-pay sectors such as social care, tourism and hospitality.
- 1.2.14 Subject to Cabinet approval, this £2.3m project will directly support over 200 businesses, with the NTCA providing £1.6m of the overall costs. Data scientists from NICD will work alongside businesses on collaborative projects, using data analysis and tools to unlock opportunities for improvements in productivity. Through this collaboration, staff within the businesses will be upskilled to enable the ongoing use of these advanced data techniques.

Digital infrastructure

- 1.2.15 £12m of investment from Government is paving the way for a rollout of fibre internet connections to over 300 public buildings across the region, drastically improving the speed and reliability of digital connections across the entire area. The funding is focused on the region's rural areas, which have received less investment from the private sector broadband providers.
- 1.2.16 Contracts are now in place for the delivery of fibre broadband to public sector sites across Northumberland. Surveying has commenced and delivery is on track. In addition, engagement is ongoing with private sector to facilitate and remove barriers to commercial deployments across Newcastle and North Tyneside.

Digital skills

- 1.2.17 The devolved Adult Education Budget (AEB) has provided NTCA with the opportunity to increase the funding for Digital Skills, which are becoming a near-universal requirement for employment.
- 1.2.18 Over 4000 enrolment opportunities are planned for the delivery digital skills this academic year; this includes a new statutory digital entitlement to enable residents aged 19+ to be fully funded for digital skills, up to and including level 1. The devolved AEB is also providing bespoke digital skills to support residents who are currently experiencing major barriers to accessing and engaging on-line information and advice, and who are at risk of becoming further marginalised during the Covid-19 pandemic.

Digital: upcoming Milestones

- 1.2.19 Upcoming milestones in the implementation of the NTCA Digital Growth and Innovation Programme include further work this year on taking the next steps in providing a coherent and vibrant ecosystem of business support. This will ensure that digital and tech businesses in the area have provision that is focussed on impact, which enables businesses with high growth potential to scale, innovate and access the finance they need to invest and grow. It will also help create the next generation of start-ups and help ensuring we continue to have a digital ecosystem that is competitive with other national clusters.
- 1.2.20 The Investment Fund Update to be considered by NTCA's Cabinet this month includes an update on planning for the NTCA's Skills for Growth allocation and next steps; this

programme will include a significant opportunity for further investment in digital skills, that adds value to our progress to date on devolved Adult Education Budget and the critical entry level skills required to improve the digital inclusion of our residents that this provides.

1.3 Green Growth Sector Update

- 1.3.1 The NTCA has agreed a bold programme of investment, collaboration and change in clean energy, green growth, and adaptation to climate change. The focus and level of investment signals the intent of North of Tyne authorities to play a clear national leadership role: working together on tangible investments that create jobs and growth through actively decarbonising our economy. This included a £10m Green New Deal Fund to stimulate low carbon growth. As discussed in the accompanying Investment Fund paper, details for an Open Call for a manager for this Fund have now been finalised and the Call will be issued soon after this Cabinet meeting.
- 1.3.2 The Government estimated pre coronavirus, that the UK low carbon economy will grow at 11% p.a. between 2015 and 2030, four times faster than the rest of the economy. The Northern Powerhouse estimates this will create an additional 100,000 new jobs across the North by 2050. Accelerating delivery of these opportunities will support a green economic recovery from Covid-19, tackling climate change and building resilient communities.
- 1.3.3 As plans for recovery are developed at the North of Tyne and the wider North East level, there is a real opportunity to deliver on the twin benefits of stimulating the economy to create jobs while accelerating the green transition.
- 1.3.4 The NTCA Green New Deal Fund is focused on accelerating low carbon economic growth and creating green and decent jobs. The rationale for this level and type of investment was sound before Covid-19 and is even stronger now, with an opportunity to build on changes that have been made (such as increased active travel and remote working). The Green New Deal Fund presents an opportunity for North of Tyne to take a real lead in an area that will be fundamental to future growth, recovery, and the achievement of net zero.
- 1.3.5 The intention is to 'match and multiply' – using NTCA funding aligned to Green New Deal 'challenges' to incentivise further investment from business and Government. NTCA will work with local and regional partners, Government and the private sector to match and multiply this commitment with additional funds to deliver a place-based approach to tackle emissions whilst delivering inclusive economic growth.
- 1.3.6 The explicit focus of this is about creating and supporting new green jobs – providing incentives for the private sector and Government to innovate in the areas where the most CO2 will need to be reduced:
- Decarbonising Heat – such as building retrofit and local clean energy production
 - Decarbonising Transport – such as innovations to support clean air, active travel & EVs
 - Decarbonising Industry – supporting companies to reduce their commercial emissions
- 1.3.7 The proposed objectives are to:
- Support 'green growth' by prioritising projects supporting new industry and jobs in areas where emission reductions are most needed.

- Maintain and enable positive environmental benefits in the recovery.
- Catalyse investment in green growth which complements and aligns with other regional and national funding and leverages private sector investment.
- Stimulate innovation (including new to market solutions) and business growth in the areas of energy efficiency, renewables, and low carbon transport.
- Take a programme level of view of proposals, identifying relevant gaps and opportunities.
- Address market failures for example where investment would unlock low carbon economic development opportunities.
- Align with the £2m green skills allocation as part of wider skills for recovery and growth programme

1.4 Advancing Circular Economy (ACE) – R&D Demonstrator

- 1.4.1 In July, NTCA Cabinet approved an investment in an exciting R&D project led by P&G. The over-arching aim of the ACE project is to help establish an integrated innovation ecosystem in the North of Tyne area, focused on exploiting economic opportunities presented by the circular economy - the economic system aimed at eliminating waste and the continual use of resources - with an initial focus in biotechnology and water. With support from two universities, one commercial partner, the Centre for Process Industries (CPI) and the Innovation SuperNetwork, the private sector led project aims to support an emerging sector of global significance and maximise collaboration across private and public sectors.
- 1.4.2. The project provides an opportunity for the North of Tyne and the wider North East to demonstrate global leadership in user-led design of products and services that solve big global sustainability issues, such as waste recycling, energy & water access, and renewable materials.

1.5 Ageing Sector Update

- 1.5.1 The NTCA Devolution Deal identifies that the area has innovation assets of national and international importance in addressing the social challenges and economic opportunity presented by an ageing population in the North of Tyne and beyond.
- 1.5.2 Work is currently being undertaken to finalise specific investments that will capitalise on this expertise – putting the North of Tyne area at the vanguard of ageing and longevity focussed innovation; supporting innovative responses to demographic change and the need to improve the experiences of ageing for our residents.
- 1.5.3 A strategic plan and investment approach in support of this sector will be brought to Cabinet later this year. We continue to work with the National Innovation Centre for Ageing to explore proposals for investment that would boost the capacity of our region to improve the experience of aging across our society. By working across all sectors of our economy, we hope to unlock social and economic value and position the region as an international leader in ageing well and the ageing and longevity economy.

1.6 Looking forward

- 1.6.1 The Covid-19 pandemic has led to the biggest downturn in economic activity for over a century, although significant bounce-back is expected. The next few months are set to be critical, with the Job Retention – or furlough – Scheme being unwound and the economic outlook heavily dependent on the future course of the virus. In addition to continuing with the digital, green growth and ageing programmes outlined above, the NTCA will consider any further Covid-response measures.
- 1.6.2 The UK has left the EU and the Transition Period (during which goods and services could flow freely across EU borders) is set to finish at the end of this year. At the time of writing this Cabinet report, the nature of future trade arrangements between the UK and the EU is unclear – particularly the extent to which there will be barriers to trade in the form of tariffs, quotas or additional regulatory requirements. As future arrangements become clearer, the NTCA will work closely with businesses within the area to understand more about the impact on their businesses and sectors, and any mitigating steps which can be taken.

2. Potential Impact on Objectives

- 2.1 The projects identified in the report are consistent with the priorities set out in the NTCA vision.

3. Key Risks

- 3.1 Programme risks are managed in line with agreed processes and Individual project risks have been considered as part of the application and appraisal process.

4. Financial and Other Resources Implications

- 4.1 There are no financial implications resulting from this report, with all project decisions subject to separate decision making.

5. Legal Implications

- 5.1 There are no legal implications resulting from this report.

6. Equalities Implications

- 6.1 Equality impact assessments are undertaken for all funding requests in accordance with the agreed process.

7. Inclusive Economy Implications

- 7.1 The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria.

8. Climate Change Implications

- 8.1 Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority.

9. Consultation and Engagement

- 9.1 Stakeholders have been fully engaged in the development of the project proposals.

10. Appendices

None

11. Background Papers

N/A

12. Contact Officers

Mark Stamper, Economic Adviser
mark.stamper@northoftyne-ca.gov.uk

13. Glossary

N/A

14. Sign-off

1) Mayor and Portfolio holder Yes	2) Director/SMT Yes	3) Chief Finance Officer: Yes	4) Monitoring Officer: Yes	5) Head of Paid Service: Yes
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Subject: 2021-2025 Financial Planning and Budget Process
Report of: Interim Chief Finance Officer
Portfolio: All

Report Summary

This is the initial report to Cabinet outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2021/22 as part of the proposed framework for the four years 2021/22 to 2024/25. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2021/22. The next report to Cabinet will be on 24 November 2020, which will outline the initial Budget proposals.

This report sets out information in relation to the proposed 2021-2025 Financial Planning and Budget process, including information on the key decision milestones. This will include:

- o the update to the Medium-Term Financial Strategy (MTFS), and,
- o development of the detailed budgets for 2021/22.

Recommendations

The Cabinet is recommended to approve the proposed outline 2021-2025 Financial Planning and Budget process, which incorporates the key decision milestones and dates as set out at Appendix A to this report.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The Budget and Policy Framework Procedure Rules are set out in Part 3.2 of the Authority's Constitution. The Budget is guided by paragraph 3 covering the process for the preparation, consideration and final approval of the Authority's Budget. The constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.

The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that the Budget is considered as part of preparing the Annual Governance Statement to the Authority each year.

Home of Ambition: the vision for the North of Tyne Combined Authority

On the 8 November 2018 Cabinet approved the vision for the North of Tyne Combined Authority (NTCA). The Vision is a key strategic document which sets out the vision, objectives and priorities of the NTCA. The priorities in the economic vision together with the manifesto priorities of the Mayor provide the strategic policy framework within which budget resources will be allocated for 2021-2025.

In addition to setting the strategic direction for the NTCA, it provides the basis for investment decisions.

The vision provides the NTCA with the opportunity to take a long-term strategic approach to capitalising on the area's key assets and strengths and address key economic challenges. Underpinning the Vision is the NTCA's commitment to deliver an inclusive economy. Detailed work has been undertaken to model the potential economic and social benefits of a range of different types of investment to support and inform decision making.

To date the authority has received £60.000m of the devolved investment fund agreed as part of the devolution deal. To date approved over £37.87m in investment to deliver actions against the vision.

The devolution deal specifies a set of impact measures that will be used to determine the success of these investments, these measures include the creation of new jobs, economic growth as measured by GVA and the amount of private sector investment attracted to the area. A 5-yearly gateway-review process will be undertaken with Central Government to assess progress against these measures.

Adult Education Budget (AEB)

Over the course of 2019/20 plans were put in place to secure the devolution of the Adult Education Budget (AEB) for the area, this was initially confirmed at £22.6m for 2020/21, with a more recent increase to £23.145m to deliver. A strategy is in place that aims to ensure over time, that training and skills provision responds to local needs to a much greater extent than is currently than has been the case.

Recovery and Devolution Deal

The authority has worked with the constituent authorities to support the region in its response to the impacts of the Covid-19 pandemic, and that included access to resources and capacity to ensure that support was available for our businesses, citizens and sectors most effected by the situation. The cross-regional collaboration to create inclusive and sustainable growth has continued with the next phase of the devolution ask the authority has made to Central Government. Where the focus is on the resources, powers and relationships with Government that are needed to support recovery and accelerate growth. The recent submission to the Comprehensive Spending Review sets out the proposition with any outcome reflected in the budget and financial plans as they become clearer.

Brownfield Housing Fund

The Brownfield Housing Fund is a £400m fund which aims to create more homes by bringing more brownfield land into development. The fund will contribute to the levelling up agenda targeting funding to help ease viability issues that brownfield projects face alongside supporting wider interventions aimed at economic development. The North of Tyne Combined Authority have been awarded £23.854m to support the development of 1,500 new homes on brownfield sites. The funding is profiled over 5 years with £5m in year one 2020-21.

Transport Levies

As for 2020/21 the authority will be required to raise the levies on the constituent authorities, so an important part of the budget setting process is ensuring the timetable meets the relevant statutory deadlines for the issuing of the Transport Levy. The relevant dates for the Joint Transport Committee meetings have been included within timetable at Appendix A.

Local Enterprise Partnership Budget (LEP)

Consideration will need to be given as to the inclusion of the 2021/22 LEP budget as part of the Mayor's and Cabinet's overall budget proposals.

1.2 Developing a Medium-Term Financial Strategy (MTFS)

A Medium-Term Financial Strategy (MTFS) should be developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the authority's strategic plans can be delivered within the financial resources available. In addition, the MTFS ensures the authority has a clear financial vision and direction for the medium-term

and that the Mayor and Cabinet understand the financial implications of decisions that it is taking.

As part of the 2021-2025 Financial Planning process, the updating of the MTFs will be important. The approach will include:

Analysis of the current financial situation, including the main sources of income, the main financial commitments and the levels of reserves currently held;

The development of a set of key principles as part of the process to develop the Financial Plan and Budget. These are based on best practice guidance produced by the Chartered Institute for Public Finance and Accountancy (CIPFA) and are set out below:

The overall Financial Strategy will be to ensure that the Authority's resources are directed to achieving the Vision and associated outcomes. The Authority's strategy will be reviewed on at least an annual basis;

Overall, authority spending should be contained within original Budget estimates. If, following monthly revenue monitoring, where Service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates;

The Authority will maintain its Strategic Reserve at a minimum level of £0.200m at the end of each year, subject to a risk assessment as part of the annual Budget setting process;

The Authority will aim to balance its revenue budget over the period of the MTFs without reliance on the use of the Strategic Reserve;

The Authority will plan for any changes to specific grants/interim funding/financial settlement/legislation;

The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually;

The Authority will continue to develop its approach to efficiency, commissioning and procurement to ensure value for money;

Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery; The Authority will work with MHCLG to secure appropriate borrowing powers and will consider the use of prudential borrowing to support capital investment to deliver the Vision and will ensure that the full costs of borrowing are considered when investment decisions are taken;

The Authority will continue to consider business risk in all decision-making processes and, alongside this, ensure that resources are aligned to reduce any material financial risk to the Authority; and

The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an on-going focus on delivering safe stewardship.

1.3 **2021-2025 Financial Planning and Budget process Timetable of Key Decision Milestones**

Key aspects of the 2021/22 Financial Planning and Budget process timetable are set out at Appendix A to this report. This highlights key decision milestones in the process.

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. The budget will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies and priorities.

3. Key Risks

- 3.1 There are no specific risks relating to this report.

4. Financial and Other Resources Implications

- 4.1 The financial implications arising from the outcomes of this report will be appraised as part of the decisions made as to what will be included in the Authority's 2021-2025 Financial Plan, incorporating the 2021/22 Budget-Setting process.
- 4.2 The Mayor and Cabinet need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Financial Plan for 2021-2025 in accordance with the Authority's Reserves and Balances Policy.

5. Legal Implications

- 5.1 The Authority is required to agree a balanced budget annually and to monitor 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.

6. Equalities Implications

- 6.1 The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made.
- 6.2 The Authority will continually monitor the effect of our Budget-setting process and decision-making by using equality impact assessments.
- 6.3 Full impact Equality Impact Assessments (EIA) will be included in all proposals for inclusion with the initial Budget proposals in November 2020 in order to be available to the Mayor and Cabinet when it further considers the Financial Plan and Budget proposals on 24 November 2020.

7. Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising from the recommendations in this report. However, EIA's include inclusive economy implications and NTCA has adopted socio-economic disadvantage as a protected characteristic.

8. Climate Change Implications

- 8.1 There is no direct climate changed implications arising from the recommendations in this report. However, climate change is considered within an EIA for projects.

9. Consultation and Engagement

- 9.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2020/21 Budget was based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision which has been agreed by Cabinet and is being shared with stakeholders in a range of events.

9.2 Consultation with the Business Community and the Community and Voluntary Sector has continued through 2020/21 as part of the overall approach to engagement undertaken with these sectors. In addition, the attendance at Cabinet of both the Ambassador for business and the Ambassador for the Community and Voluntary sector will add to the opportunity for engagement. Consultation with the providers of the AEB has been undertaken since 2018/19 and have continued as the proposals for delivery of the AEB have developed.

10. Appendices

Appendix A 2021-2022 Budget Setting Timetable

11. Background Papers

NTCA Economic Vision

12. Contact Officers

Janice Gillespie, Interim Chief Finance Officer, E-mail address:

Janice.gillespie@northtyneside.gov.uk

Tel: 0191 6435701

13. Glossary

MTFS	Medium Term Financial Strategy
AEB	Adult Education Budget
MCA	Mayoral Combined Authority
NTCA	North of Tyne Combined Authority

Budget Setting Timetable

DATE	EVENT/MEETING	ACTION
29 September 2020	Cabinet Meeting	To consider and agree 2021/22 budget process/timetable for both the Authority and Mayoral budgets.
13 October 2020	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for both the Authority and Mayoral budget
24 November 2020	Cabinet Meeting	Consider and agree the draft budget proposals in respect of the Authority
8 December 2020	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Budget proposals
15 December 2020	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation
12 January 2021	NTCA Overview and Scrutiny Committee Workshop	Workshop to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.
26 January 2021 Note: The Mayor's draft Budget must be presented before 1 February in any financial year.	Cabinet Meeting	To consider outcomes of consultation and recommendations from Overview and scrutiny and agree final proposals for the Authority's Budget Receive the Mayors draft budget proposals Formally agree to issue the Transport Levy to constituent authorities.
2 February 2021 15 February 2021 - Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations	Joint Transport Committee/Tyne and Wear Sub-Committee	Consider and agree Transport budget and levy proposals.
Before 8 February 2021 (additional meeting needed)	Cabinet	Cabinet meet to agree recommendation to the Mayor in respect of the draft Mayoral budget.
09 February 2021	Overview and Scrutiny Committee	Consideration of Authority's and Mayor's final budget proposals
23 February 2021	Cabinet	Cabinet consider O&S Final Recommendations and approve the Authority's and Mayor's Budget.



Subject: North East Local Enterprise Partnership – Funding Decisions Update
Report of: Helen Golightly, North East Local Enterprise Partnership Chief Executive
Portfolio: All

Report Summary

The purpose of this report is to update Cabinet on the work and decisions of the North East LEP with a focus on Project Funding Decisions related to the Programmes managed by the North East LEP for which NTCA is the accountable body since 1 April 2020. It provides summary information about the LGF, EZ, and NEIF programmes including decisions related to £5m COVID-19 rapid response fund established using uncommitted LEP resources. In addition it provides information about the appointment of the new Chair of the North East LEP Board.

Recommendations

Cabinet is recommended to

- 1) note the report which provides information on the work and decisions of the North East LEP.
- 2) appoint the new North East LEP Chair as a member of Cabinet in line with Part 2.1. of the NTCA Constitution

1. Background Information, Proposals and Timetable for Implementation

- 1.1 The report provides an update on the North East LEP project funding decisions made during the first five months of the 2020/21 financial year. The North East LEP manages the Local Growth Funding (LGF), North East Investment Fund (NEIF) and the Enterprise Zone (EZ) programmes. More recently it was tasked by the government to manage the Getting Building Fund (GBF) programme for which the North East was allocated £47m.
- 1.2 Project funding decisions are made in line with the North East LEP Constitution and scheme of delegation. Decisions can be made by the North East LEP Board, the Investment Board or through delegated decision.
- 1.3 NTCA, as the LEP accountable body, is the legal entity which issues the grant and loan agreements to project applicants and as such must satisfy itself of the legal and financial probity of any decisions it implements on behalf of the North East LEP. This means that LEP project funding decisions also need to be authorised through NTCA decision-making.
- 1.4 Project funding decisions made and implemented between 1 April 2020 and 31 August 2020 can be grouped in three categories:
 - “Business as usual” activities related to the North East LEP funding programmes including decisions made by the previous accountable body prior to the transfer to NTCA
 - COVID-19 response interventions including those funded by the £5m COVID-19 rapid response fund established using uncommitted LEP resources
 - GBF projects
- 1.5 In more detail, these are as follows:
 - £934,442 NEIF loan and £150,000 LGF grant to Solar Capture Technologies for the Photovoltaic Automation project
 - £400,000 LGF grant to RTC for the Supply Chain North East, as part of the response to Covid-19

- £550,000 LGF capital grant to RTC for the Scale Up North East 2 programme, as part of the response to Covid-19
- Up to £1,000,000 NEIF (interest payments) grant to the Crowdfund North East Fund, as part of the response to Covid-19
- £200,000 in grant to Newcastle Airport to support COVID-19 recovery costs
- £318,000 LGF capital grant to Northumberland County Council to extend the existing North East Rural Growth Network Programme
- £498,159 LGF capital grant to South Tyneside Council to deliver new small manufacturing units at the Jarrow Business Centre
- £600,000 LGF capital grant to NECA on behalf of the Transport North East Strategic Unit to support the delivery of a regional Electric Vehicle (EV) Charging Infrastructure project
- £900,000 GBF capital grant to Newcastle United Foundation for the NU Futures Centre
- £950,000 loan facility to support NBSL to help deliver an ERDF COVID SME Recovery Fund for the region
- £105,000 LGF revenue grant to NOF Energy Ltd to support a pan North East programme of activities to help maximise the supply chain benefits in the Energy Coast offshore wind cluster
- £100,000 LGF revenue grant to Offshore Wind Growth Partnership (OWGP) Ltd to deliver the North East Offshore Supply Chain Innovation Programme.

- 1.6 Four High Potential Business Start-up grants were also allocated and reported to the North East LEP Board (please see Appendix A for detail) with the next update due at the November Board meeting.
- 1.7 Going forward, a number of project funding decisions approved by the North East LEP by end of August 2020 will go through NTCA decision-making. These include:
- £300,000 mini-funding programme for a Health Patent Protection scheme (part of the COVID-19 response fund) for which delegated authority to LEP Chief Executive to approve allocation and grant offers up to £25,000 is being sought.
 - Mini-funding programmes totalling £1,700,000 LGF and £500,000 NEIF (part of the COVID-19 rapid response fund) to allocate a range of grants across skills, infrastructure development, VCS infrastructure, innovation, digital, Health and Life Sciences and energy and for which delegation to approve allocations and grant offers is being sought.
 - Funding decisions including EZ loan for the North Bank of Tyne Project, EZ loan for the Holborn 2 Project, and NEIF loan extension for the Boiler shop Project in response of COVID-19.
- 1.8 In addition, it is expected that at least 21 new project funding decisions will be considered by the North East LEP before going through NTCA delegated decision by the end of 2020. These include
- Three LGF Programme pipeline projects
 - Additional EZ loans to Northumberland Energy Park and Holborn 2
 - 17 GBF grant funding agreements.
- 1.9 Appendices A, B and C provide additional information about the position of all programmes and details on the specific projects set out in this report. Please note the next North East LEP board will be held on 1 October 2020.
- 1.10 Following departure of Andrew Hodgson, as chair of the North East LEP for the last four years, a new Chair has been recruited and the North East LEP announced on 1 September 2020 the appointment of Lucy Winskell OBE as Chair of its Board. In line with Part 2.1. of the NTCA constitution, Cabinet is recommended to appoint the new North East LEP Chair as a Cabinet member.

2. Potential Impact on Objectives

- 2.1 The decisions support the vision and objectives of the North East LEP Strategic Economic Plan, with some proposals contributing to the objectives of the North East COVID-19 Recovery Plan.

3. Key Risks

- 3.1 The North East LEP is managing financial, regulatory and reputational risks at both project level and programme level. Individual project level risks are assessed prior to funding approval as part of the project appraisal process and in accordance with the North East LEP Assurance Framework.
- 3.2 NTCA's finance and legal officers are considering all related grant and loan funding agreements including state aid matters to ensure legal and financial probity.
- 3.3. Given the unprecedented number of applications and project funding decisions to be made over the next three months, two additional North East LEP Investment Board meetings have been scheduled by the end of December 2020.

4. Financial and Other Resources Implications

- 4.1 The Section 73 Officer is consulted on all funding decisions, as part of the decision-making process to ensure budget provision is available.

5. Legal Implications

- 5.1 The comments of the Interim Monitoring Officer have been included within this report.

6. Equalities Implications

- 6.1 All North East LEP funded projects are required to be delivered in accordance with the objectives set out under s149 of the Equalities Act 2010.

7. Inclusive Economy Implications

- 7.1 The North East LEP follows the policies set out in its North East Strategic Economic Plan that promote sustainable economic growth across the region. The core objective of the North East SEP is to support the creation of 100,000 'more and better' jobs in the region by 2024/25.
- 7.1 Several of the projects brought forward through the GBF and LGF, support a more inclusive economy for the North East.

8. Climate Change Implications

- 8.1 Several of the projects brought forward through the GBF and LGF, support a greener economy for the North East.

9. Consultation and Engagement

- 9.1 Proposals have been developed through normal LEP Board and Investment Board processes. Individual projects are required to consult as appropriate the stakeholders and statutory consultation processes where applicable.

10. Appendices

Please note that the three appendices below are confidential – Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, Information 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix A: Extract from item 9 from the North East LEP Board meeting held on 28 May 2020

Appendix B: Extract from item 6 from the North East LEP Board meeting held on 23 July 2020

Appendix C: Extract from item 6a from the North East LEP Investment Board meeting held on 8 July 2020

11. Background Papers

None

12. Contact Officers

12.1 Helen Golightly, Chief Executive
North East LEP
Helen.Golightly@nelep.co.uk

13. Glossary

13.1 LEP – Local Enterprise Partnership
13.2 LGF – Local Growth Fund
13.3 EZ – Enterprise Zone
13.4 NEIF – North East Investment Fund
13.5 GBF – Getting Building Fund

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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