

North East Combined Authority, Leadership Board

4 February 2020

(2.00pm - 2.20pm)

Meeting held at Sunderland Civic Centre, Burdon Road, Sunderland, SR2 7DN

Present:

Councillors: I Malcolm (Chair), M Gannon, G Miller, S Henig

Officers: Martin Swales (Chief Executive, South Tyneside), Sheena Ramsey (Chief Executive, Gateshead), Terry Collins (Chief Executive, Durham), Nicola Robason (Deputy Monitoring Officer, NECA), John Hewitt (Chief Finance Officer, NECA), Vince Taylor (Assistant Director of Economic Policy, Sunderland), Gavin Armstrong (Policy and Scrutiny Officer, NECA), Jonathan Lunness (Strategy and Democratic Services Assistant, NECA)

1. APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Patrick Melia.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF THE MEETING HELD ON 10 DECEMBER 2019

The minutes of the previous meeting held on 10 December 2019 were approved as a correct record.

4. ANNOUNCEMENTS FROM THE CHAIR

There were no announcements from the Chair.

5. CHAIR THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Chair of the NECA Leadership Board (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Chair's portfolio. The core activities of NECA are driven forward by the three strategic themes, the Chair's portfolio ensures that the Combined Authority is well

positioned inter-regionally, nationally and internationally to influence policy, lever external investment and create jobs for local people.

The Chair noted that since the previous Leadership Board meeting, there had been a General Election and as a result a clearer picture was emerging regarding government priorities. It was also noted that since the previous Leadership Board meeting, that whilst the UK has left the EU, it remains in a transition period.

It was noted that the Government has made reference to 'levelling up' the country and tackling regional imbalances as a priority, and further clarity on how it may achieve this may be provided at the upcoming Spending Review. The Chair noted NECA's hope that individual local authorities and Combined Authorities are provided with more tools to enable them to create economic growth.

The Chair provided an update to the Committee regarding events and meetings which have taken place recently. These included discussions with a Government Minister and the North East Development Conference hosted by Built Environment Networking. The Chair was a keynote speaker at the North East Development Conference and was able to highlight NECA's ambitions.

The Chair also noted the ongoing work in regards NECA's Economic Strategy, as well as the Strategic Economic Plan and the Local Industrial Strategy.

RESOLVED That:

- i. the report be noted.

6. ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE

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

Members considered the report which provided an update on activities within the Economic Development and Digital theme. Members noted the ongoing success of Invest North East England (INEE), including securing key inward investment in the NECA area. It was noted that the preliminary figures for Q2 of 2019/20 showed 14 FDI creating 339 new jobs and 6 UK inward investment projects creating 306 new jobs in the NECA area.

Member's noted that Ocado has been announced as the first tenants in The BEAM in Sunderland, which highlights that the North East is a venue for 21st century businesses and reflects the view that the North East work force is well-regarded and dependable.

It was noted that at the EDDAB meeting held 28 January, the possibility of providing a further breakdown of the new jobs from inward investment successes had been discussed, including the type of job in order to measure in comparison to the NELEP 70% target of new and better jobs.

It was noted that the Government will be looking at the Local Industrial Strategy with a response hoped for by Spring 2020. It was highlighted that now the UK has left the EU and is in the transition period, it is hoped that the Government will secure a good

trade deal with the EU and that the NECA area will be able to lead the way and make the most of any opportunities.

Members noted the update on the Economic Development and Digital Advisory Board Review. This included ensuring a strategy which worked with the business sector and complemented the LIS and SEP, working towards the same aims. It was noted that at the 28 January EDDAB meeting, the Board had received updates on digital initiatives in Sunderland, including the deployment of 5G.

It was noted that it would be helpful to understand what other constituent authorities in the NECA area are doing in regards the digital agenda and digital initiatives, as an advanced digital offer will be central to the NECA strategy in the future, and so EDDAB will drive this forward.

RESOLVED That:

- i. the report be noted.

7. TRANSPORT THEMATIC PORTFOLIO UPDATE

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

Members considered the report which provided an update on activity and progress under the Transport theme of the Combined Authority. This included updates on the Transforming Cities Fund, the North East Transport Plan, as well as road, rail and metro updates for the area.

It was also noted that Cllr Gannon, the Thematic Portfolio Lead for Transport will be presenting transport plans and a vision for the region, along with the Director General of Nexus, to new MPs following the December 2019 General Election, seeking support for the transport agenda. An update regarding this will be brought back at a future meeting.

RESOLVED That:

- i. the report be noted.

8. FINANCE AND SKILLS AND EMPLOYMENT THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Corporate Director (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Finance and Skills and Employability theme together with the baseline position for a future 'Skills and Employment' ask for the North East Combined Authority.

It is anticipated that further information will be provided regarding the National Skills Fund at the upcoming Spending Review following the Queen's Speech and manifesto commitments.

It was also highlighted that there has been no further information on the UK Shared Prosperity Fund. Members noted the scale of funding in the North East from EU funding sources and it is hoped that this funding will at least be matched in the future as the UK leaves the EU.

RESOLVED That:

- i. the report be noted.

9. BUDGET 2020/21 AND MEDIUM-TERM FINANCIAL STRATEGY

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

John Hewitt, Chief Finance Officer of NECA presented the report which presented the NECA revenue budget for 2020/21 and indicative estimates for 2021/22 and 2022/23 for consideration and approval. The report also presented the decisions made by the North East Joint Transport Committee (JTC) about the transport revenue budget and the Transport Levies for 2020/21.

Members noted that the level of contributions from constituent authorities for NECA Corporate Costs are proposed to be maintained at the same level after the current year.

It was noted that the updated forecast of outturn in relation to the North East LEP is a net deficit of £25,819, which will be funded by reserves. This is an improved position from the original budget which envisaged a net deficit budget of £397,000. Members also noted that in the 2020/21 budget the deficit of £0.326m will be met by contributions from the Enterprise Zone account (as previously agreed by the North East LEP Board).

RESOLVED That:

- i. the updated position in terms of forecast of outturn for 2019/20 be noted;
- ii. the report for consideration and approval of the 2020/21 budget proposals be received;
- iii. unanimously agreed a net budget (after interest income) for the corporate costs of NECA of £91,428, paid for by an equal contribution of £22,857 from each of the constituent authorities in NECA, as set out in section 2.14;
- iv. unanimously agreed to continue the budget contribution to the North East LEP of £250,000 which is required as match funding to secure £500,000 government grant, paid for by an equal contribution of £35,714.29 from each of the seven councils in the North East LEP area as part of the funding of an estimated budget of £4.908m, summarised in section 2.17 to 2.22;
- v. unanimously agreed to continue the budget contribution of £140,000 towards inward investment activity carried out by the Invest North East England team (INEE) which is paid for by an equal contribution of £20,000 from each of the seven councils in NECA and contributions from the North East LEP to a total budget for this activity of £460,000, as set out in section 2.23-2.24;

- vi. unanimously agreed to continue a net budget in respect of the accountable body role for the JTC in 2020/21 of £70,000, with the costs being met by equal contributions of £10,000 from the seven local authorities in the JTC area, as set out in section 2.14;
- vii. unanimously agreed to continue a net budget in respect of the accountable body role for the North East LEP in 2020/21 of £70,000, with the costs being met by equal contributions of £10,000 from the seven local authorities in the North East LEP area, as set out in section 2.14;
- viii. the decisions taken on 21 January by the JTC about the Transport Budget and Levies for 2020/21 as set out in section 2.25-2.26 and Appendix 4 be noted, and to issue the following levies in accordance with that decision:
Durham County Council £15,466,000
Gateshead Council £10,888,379
South Tyneside Council £8,079,396
Sunderland City Council £14,916,061
- ix. arrangements be made to administer payment of a transport revenue grant of £15,456,000 to Durham County Council for the delivery of transport services in the Durham area and to Nexus for the delivery of transport services in Tyne and Wear of £59,000,000;
- x. it be noted that the North of Tyne Combined Authority will issue the Transport Levies to Newcastle City Council (£16,140,834), North Tyneside Council (£11,075,330) and Northumberland County Council (£6,234,000) that have been agreed by the JTC and will pass the levy income from Newcastle City Council and North Tyneside Council to NECA in order to meet costs relating to the Tyne and Wear area;
- xi. it be noted that the North of Tyne Combined Authority will issue the Transport Grant to Northumberland County Council (£6,224,000) agreed by the JTC and make a £10,000 contribution to NECA in respect of Northumberland County Council's contribution to the costs of the JTC;
- xii. authorise the Chief Finance Officer and the Monitoring Officer to take such other steps as are necessary to give effect to the proposals in this report;
- xiii. the section on the level of reserves set out in section 2.27 to 2.30 be noted; and;
- xiv. the Pay Policy Statement at Appendix 5 be approved.

10. BUDGET 20/21 AND MEDIUM-TERM FINANCIAL STRATEGY – UPDATE OF SUPPORT ARRANGEMENTS TO THE NORTH EAST LOCAL ENTERPRISE PARTNERSHIP, INVEST NORTH EAST ENGLAND AND THE JOINT TRANSPORT COMMITTEE (SUPPLEMENTAL AGENDA)

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

The report was presented by Nicola Robason, Deputy Monitoring Officer of NECA. The report sought authority to finalise the arrangements between NECA, North of Tyne Combined Authority (NTCA) and the seven local authorities of Durham,

Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside South Tyneside and Sunderland regarding the support provided to the North East Local Enterprise Partnership (NELEP), Invest North East England (INEE) and the Joint Transport Committee (JTC).

Members noted that the Deed of Cooperation, dated 4 July 2018, set out the framework for collaborative working between NECA and NTCA regarding the cooperative arrangements for the NELEP, INEE and JTC. It was highlighted that the Deed of Cooperation set out parties' intentions for NECA to be the Accountable Body for the JTC and for NTCA to be the Accountable Body for the NELEP and INEE.

It was noted that work is ongoing regarding these arrangements and is nearing completion. The new cooperative arrangements for the Accountable Body status' of the Combined Authorities will be implemented from 1 April 2020.

RESOLVED That:

- i. the Head of Paid Service be authorised, in consultation with the Chair, to finalise the arrangements between both combined authorities and the seven local authorities regarding the support arrangements to the NELEP, INEE and JTC, as described in this report.
- ii. the Deputy Monitoring Officer be authorised to complete an updated Deed of Cooperation and a new Accountable Body Agreement, as described in this report that reflects the final arrangements; and
- iii. the Head of Paid Service, Chief Finance Officer and Deputy Monitoring Officer be authorised to take such other steps as are necessary to give effect to the proposals in this report.

11. CAPITAL PROGRAMME 2020/21

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

John Hewitt, Chief Finance Officer of NECA presented the report which provided the Leadership Board with an updated forecast capital outturn for 2019/20 and presents the initial 2020/21 capital programme, totalling £134.446m for consideration and approval.

It was highlighted that the total costs for the initial 2020/21 capital programme could significantly increase, depending on the outcome of the Transforming Cities 2 bids.

RESOLVED That:

- i. the report be noted;
- ii. the forecast outturn position for 2019/20 set out in section 2.1 to 2.3 of the report be noted;
- iii. the proposed capital programme for 2020/21 which amounts to £134.446m, as set out in section 2.5 be unanimously approved, noting that the programme will need to be amended upon receipt of Government announcements on funding bids and in light of the transfer of the Accountable Body role for the North East LEP on 1 April 2020;

- iv. the Prudential Indicators and Limits for 2020/21-22/23 contained within Appendix 3 of the report, including the Authorised Limit be agreed;
- v. the Minimum Revenue Provision (MRP) Statement contained within Appendix 3 which sets out the Authority's policy on MRP be agreed;
- vi. the Treasury Management Strategy and the Treasury Prudential Indicators contained within Appendix 3 be agreed; and;
- vii. the Cash Investment Strategy 2020/21 contained in the Treasury Management Strategy within Appendix 3 be agreed;

12. DATE AND TIME OF NEXT MEETING

Tuesday 3 March 2020 at 2.00pm.

13. EXCLUSION OF PRESS AND PUBLIC

Under section 100A and Schedule 12A Local Government Act 1972, the press and public were excluded from the remainder of the meeting for consideration of Agenda Item 12 (Confidential Minutes of Previous Meeting held 10 December 2019) and Item 13 (Local Enterprise Partnership – Project Approval Report), because exempt information was likely to be disclosed and the public interest test against disclosure was satisfied.