

Cabinet

Tuesday, 25 February 2020 at 2.00 pm

Meeting to be held: Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

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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 handed 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**

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4. **Employability and Inclusion**

9 - 18

5. **Climate Change - a suggested North of Tyne approach on Engagement with Citizens - Citizens' Assembly**

19 - 30

6. **Update to the 2020-21 Budget reflecting the implications of the North East LEP transfer** 31 - 44

7. **Community Hubs Investment Fund**

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.

8. **Date and Time of the Next Meeting**

Tuesday, 24 March 2020 at 2pm.

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North of Tyne Combined Authority, Cabinet

28 January 2020

(2.06 - 2.56 pm)

Meeting held: Committee Room, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

Draft Minutes

Present:

Chair: Mayor J Driscoll

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

ANNOUNCEMENTS FROM THE CHAIR

The Mayor welcomed everyone to the meeting.

In his opening remarks, the Mayor welcomed the launch of the new Metro Futures, the major investment in the Tyne and Wear Metro. The programme would cover the next 35 years of Metro trains. Amongst the many benefits of the programme, it would safeguard 100 jobs at the new maintenance depot in South Gosforth. The new trains would increase the capacity of the Metro system, and would be an anchor of our green transport system.

Stadler had been announced as the winning bidder to build the new Metro fleet. Companies based in the North East would be part of the supply chain.

The Mayor also welcomed the news that the government had confirmed its support of £1.5m for the business case development for the proposed Northumberland to Newcastle rail line.

He also added that the first North of Tyne Mayor's Question Time would be held on 10 February in Hexham.

50 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor N Forbes and Mr R Fry.

51 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

52 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 17 December 2019 were approved as a correct record and signed by the Chair.

53 **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 set out proposed approaches to investment within the digital, culture-and-creative and tourism-and-events sectors. The report also set out for approval the recommendations made by the Investment Panel regarding Business Case Development Fund applications.

A Member spoke about the significance of the local Energy sector, including within the global economy, and gave the example of the Blyth Wind Turbine Blade Test Facility.

It was noted that Councillor W Daley was no longer a member of Advanced Northumberland, whilst Councillor P Jackson remained a member, and this had been declared.

RESOLVED – That the Cabinet:

- i. Agreed £30,385 to support the Northumberland Energy Park Phase 3 (NEP3) Feasibility Study, subject to conditions outlined at paragraph 2.1.6 of the report;
- ii. Agreed £40,000 to support the Robotics Cluster for Offshore Energy proposal, subject to conditions outlined at paragraph 2.2.8 of the report;
- iii. Authorised the Head of Paid Service to finalise the conditions to be attached to the above funding award, and authorised the Interim Monitoring Officer to complete the necessary documentation.

(a) **North of Tyne Tourism - proposed investment approach**

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

The Cabinet considered the report which:

- outlined proposals for a North of Tyne Events Programme and an approach to destination marketing that would support leisure and business tourism activities;
- brought back the results of the work to develop investment proposals in the culture-and-creative and tourism sectors, including suggestions for adding value in these sectors, provided more details on a suggested approach and set out a recommendation on the Investment Fund allocation; and
- showed how the Combined Authority might begin to play a potentially catalytic role within a wider tourism economy of the region.

Members welcomed the report. In discussion, Members referred to the vast choice of tourist attractions across the North of Tyne area and the importance of raising awareness of these attractions for investment. Members also emphasised the importance of skill development for this sector, including through innovative approaches, to increase productivity.

RESOLVED – That the Cabinet:

- i. Noted the contents of the report; considered the proposals for an events strategy and destination marketing; and endorsed the recommended approaches.
- ii. Agreed an indicative overall Tourism Programme allocation of £15m over 10 years.
- iii. Approved a budget of £3.5m for the Tourism Programme up to 2022/23 (from the Culture, Creative and Tourism allocation in the NTCA Investment Plan) and agreed to consider the budget for future years following a review in 2022/2023.
- iv. Authorised the Head of Paid Service, in consultation with the Investment Panel and Portfolio Holder, to consider and approve a full business case for the North of Tyne Tourism Programme.
- v. Agreed to hold a stakeholder event to showcase the NTCA programme and convening role, and agreed to receive further proposals for how best to facilitate ongoing business and sector engagement.

(b) Culture and Creative Industries - Sector Development Update

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 a proposed approach to support the growth of the Culture and Creative Industries sector in the North of Tyne region.

Members welcomed the report and the opportunities the sector presented.

Comments included:

- the important role of the sector as part of overall wellbeing;
- the valuable opportunities for the creation of career options within the sector;
- the role of the sector within the global economy and employment market, including in countervailing the impact of technological advancements and creating opportunities and growth;
- opportunities for the creation of centres of excellence, which could be particularly valuable for engagement and development of young people, developing skills and growing talent.

RESOLVED – That the Cabinet:

- i. Noted the evidence base summarised in the report, and endorsed the sector narrative which set out a vision for growing the productivity of the Culture and Creative Industries sector;
- ii. Agreed the initial phases of activity within each of the three proposed Investment Programmes set out in the report, to begin delivery against the vision for the Culture and Creative Industries sector;
- iii. Agreed an overall Investment Fund allocation of £6m (up to 2023) for the Culture and Creative Programme (£4.75m from the Culture, Creative and Tourism allocation and £1.25m from the Skills for Growth allocation in the NTCA Investment Plan);
- iv. Agreed (within the overall envelope above) a budget of £2.5m for a Culture and Creative Enterprises Programme which would include establishing three Culture and Creative Zones pilots (one in each Local Authority Area);
- v. Agreed (within the overall envelope above) a budget of £2.25m for a Culture and Creative Content Programme which would include £0.5m for business case development fund applications relating to the Film, TV and Media Growth Programme and the Innovation and Growth in Literature and Publishing Programme.
- vi. Agreed to consider the Skills for Growth elements of the programme at a later date in conjunction with proposals emerging from the other key sector development proposals.
- vii. Authorised the Head of Paid Service, in consultation with the Investment Panel and Portfolio Holder, to consider and approve relevant call documentation, business case applications and strategic commissioning frameworks relating to delivery of the Culture and Creative Programme.
- viii. Agreed to hold a stakeholder event to showcase the NTCA programme and convening role; seek further ideas on next steps and future priorities; and receive further proposals for how best to facilitate ongoing business and sector engagement.

(c) **North of Tyne Digital - sector update and proposed investment approach**

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 a proposed approach to driving growth, skills and connectivity within the North of Tyne's Digital economy and proposed launch a NTCA Digital Growth and Innovation Programme.

Members welcomed the report and the progress made. The Mayor spoke about the importance of this sector for everyone and welcomed the proposed sector narrative.

RESOLVED – That the Cabinet:

- i. Noted the contents of the report and endorsed the sector narrative which set digital as a golden thread that connected the North of Tyne Combined Authority's wider ambitions, and as a rapidly growing and highly productive sector in its own right;
- ii. Agreed the priorities and initial phase of activity outlined in section 4 of the report, specifically the funding and next steps set out in section 5, and noted further work that would be done to develop them;
- iii. Agreed an overall funding allocation from the Investment Fund of £10m up to March 2023, which would enable the delivery of the emerging North of Tyne Digital programme and development of a shared Digital Sector Narrative;
- iv. Approved a budget of £1.5m (within the envelope above), for an initial targeted call for projects to support digital adoption within Small to Medium Enterprises (SMEs) based in the NTCA area;
- v. Agreed to work closely with the National Innovation Centre for Data to understand and bring forward a proposal on how it could apply its unique data expertise and capacity to unlock innovation and growth and amplify its local economic impact, in particular with small and SMEs, groups of SMEs, value chains or supply chains;
- vi. Authorised the Head of Paid Service, in consultation with the Investment Panel and Portfolio Holder, to finalise and publish any relevant call documentation and assessment criteria associated with the Digital Adoption Call and to approve subsequent offer(s) of funding to successful applicant(s);
- vii. Agreed to receive a future report setting out the practical steps to implement the Digital Growth and Innovation programme; including proposals for communication and ongoing sector engagement; and
- viii. Agreed to hold a stakeholder event to showcase the NTCA programme and convening role; seek further ideas on next steps and future priorities; and receive further proposals for how best to facilitate ongoing business and sector engagement.

54 **2019/20 Q3 FINANCIAL MANAGEMENT REPORT**

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

The Cabinet considered the financial monitoring report for the third quarter of the 2019/20 financial position.

The Mayor welcomed the progress achieved on jobs creation, which was well ahead of the long-term target.

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

55 **NTCA BUDGET PROPOSALS 2020-2024**

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

The Cabinet considered the report which invited it to approve the budget for the Combined Authority for 2020-2021, and the medium-term financial plan for the period 2020-2021 to 2023-2024. The Cabinet was also invited to take into account comments made by the Overview and Scrutiny Committee.

Councillor G Roughead, the Chair of the Overview and Scrutiny Committee, presented the Committee's recommendations. During his presentation, Councillor G Roughead welcomed the good working relationships between the Overview and Scrutiny Committee and the Cabinet and the good cross-party work overall across the constituent local authorities.

Response of the Cabinet:

- The Cabinet welcomed the report.
- The Cabinet expressed thanks for the work and approach of the Overview and Scrutiny Committee.
- The Cabinet recognised the value of scrutiny as part of the democratic process and appreciated the value it added to the Authority's decision-making.
- Engagement with the public and ensuring they felt they could input into decision-making was important and very much part of the work of the Combined Authority.
- Cabinet Members engaged with stakeholders on budget matters, and information on this could be provided to the Overview and Scrutiny Committee in future.

- Further to a recommendation by the Overview and Scrutiny Committee, it was noted that a further review of the Authority's budget would be necessary, particularly in the light of future changes to the Devolution Deal.
- The Cabinet acknowledged the comments and observations made in the Overview and Scrutiny Committee's report and agreed with the recommendations.
- Thanks were offered to L Kerr, the Authority's Scrutiny Officer for her valuable work.

RESOLVED – That the Cabinet:

- i. Noted the comments of the Overview and Scrutiny Committee regarding the Budget proposals;
- ii. Agreed the Corporate Budget for 2020-2021 as set out in paragraph 1.1 of the report.
- iii. Agreed the Investment Fund as set out in paragraph 1.2 of the report.
- iv. Agreed the Adult Education Budget as set out in paragraph 1.3 of the report.
- v. Agreed the Treasury Management Strategy 2020-2021 as described in paragraph 1.5 of the report and attached at Appendix A.
- vi. Noted that the Transport Levies would be issued on the 15th February 2020 in line with 2019-2020 arrangements and amounts.
- vii. Agreed to hold the level of reserves set out in paragraph 1.8 of the report and noted that the Chief Finance Officer continued to keep the level of reserves under review as the Combined Authority developed and new information became available about the financial risks facing the Authority's arrangements for managing those risks.

(a) **North of Tyne Combined Authority 2020-2024 Budget Proposals, Overview and Scrutiny Committee Report to Cabinet**

Submitted: A report of the Overview and Scrutiny Committee (previously circulated and attached to the Official Minutes).

RESOLVED – That the Cabinet:

- i. Accepted the report as the response from the Overview and Scrutiny Committee to the 2020-2024 Budget proposals for the North of Tyne Combined Authority and took its comments and observations into account when agreeing the Budget;
- ii. Agreed to formally review the agreed budget proposals after six months; and

- iii. Agreed to include in the Budget Setting timetable for 2021-2022 more details on who would be consulted on the draft proposals and when, and to make provision for members of the public to be able to comment if they so wished.

(b) **NTCA Budget Proposals 2020-2024 - Update on support arrangements to the North East Local Enterprise Partnership and the Joint Transport Committee**

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

The Cabinet considered the report which sought authority to finalise arrangements between the North of Tyne Combined Authority, North East Combined Authority and respective seven local authorities regarding the support provided to the North East Local Enterprise Partnership (LEP) and the Joint Transport Committee (JTC).

It was noted that an update report, setting out further detail, would be provided to a future meeting.

RESOLVED – That the Cabinet:

- i. Authorised the Head of Paid Service, in consultation with the Mayor, to finalise the arrangements between both combined authorities and the respective seven local authorities regarding the support arrangements to the LEP and JTC as described in the report.
- ii. Authorised the Monitoring Officer to complete a new Deed of Co-operation and a new Accountable Body Agreement as described in the report: and
- iii. Authorised the Chief Finance Officer and the Monitoring Officer to take such other steps as were necessary to give effect to the proposals in the report.

56 **DATE AND TIME OF THE NEXT MEETING**

Tuesday, 25 February 2020 at 2pm.

Subject: Employability and Inclusion – Portfolio Update

Report of: Cllr Joyce McCarty

Portfolio: Employability and Inclusion

Report Summary

The purpose of this report is to provide Cabinet with an update on the progress of projects across the Employability and Inclusion portfolio. The report demonstrates considerable progress against the inclusive economy goals set out by Cabinet – including building readiness for AEB delivery; creating the means to influence employment support across the region; and creating practical interventions to support marginalised groups into work and training.

Recommendations

1. The Cabinet is recommended to note progress in relation to the following:

- Inclusive Economy Board
- NTCA DWP Employment Framework
- Good Work Pledge
- Devolved Adult Education Budget
- Working Homes test and learn project
- Carers into Work pilot
- Employability and Skills Programme Phase 1

2. The Cabinet is also recommended to delegate 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 Inclusive Economy Board.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 Inclusive Economy is at the core of the North of Tyne Combined Authority (NTCA) vision. The Inclusive Economy Policy Statement positions inclusive economy at the heart of the Combined Authority, building on the inclusive growth focus of the devolution deal.
- 1.2 The NTCA vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future. Developing an inclusive economy in NTCA means becoming the home of ambition and opportunity for all.
- 1.3 Substantial early progress has been made in translating this vision into action – primarily through programmes related to skills, training and lowering the barriers to employment for people who are marginalised or excluded. We have focused on areas where North of Tyne support and investment can make an immediate difference – for example in creating job opportunities that provide access to good work, with security, skills, progression, opportunities, a decent standard of living, and promoting health and wellbeing.
- 1.4 This workstream 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, while providing the right support for people to access these jobs and further training, is crucial to our economic and social success".
- 1.5 The vision of the workstream is to become the national exemplar for showcasing the delivery of an Inclusive Economy. Successfully delivering this would ensure:
- We are focused on narrowing the gap both between the area and the national average (outside London) and within the area to reduce inequality; this includes:
 - Closing the gap on average earnings: Increasing the earnings, qualifications levels and progression routes for local residents will be an important issue as an inclusive economy to ensure residents have access to new higher skilled jobs in future
 - Closing the unemployment gap: Remove the barriers which make it difficult for people to take up employment and training opportunities
 - Closing the skills and education gap: Through good schools and colleges, make sure our young people have the skills, experience and qualifications to take up quality training and jobs

- Closing the aspiration and ambition gap: So that local people own their own economic future and all young people to have high aspirations and confidence, with support to enable them to make good choices

Inclusive Economy Board

- 1.6 The NTCA Devolution deal commits us to the creation of a single unified Inclusive Economy Board. The Inclusive Economy Board will bring together the organisations responsible for the most significant socially focussed interventions within the North of Tyne. It gives us a fantastic opportunity to raise the profile of our work and to make the biggest possible impact.
- 1.7 The primary role of the Inclusive Economy Board will be to advise and encourage a more integrated approach to strengthen education, skills and employment interventions, with the purpose of improving local education and employment outcomes. It will help us to embed inclusive economy outcomes across the whole NTCA agenda.
- 1.8 The Inclusive Economy Board will be independently chaired by the Right Reverend Christine Hardman, the Bishop of Newcastle. The Board will hold its first meeting at the end of March 2020 with quarterly meetings thereafter, and a programme of work that is co-designed.
- 1.9 The Board will include representation at senior level from Business professionals, Voluntary, Community and Social Enterprise Sector (VCSE), Civil Society, Statutory sector representation including Health and Education, North East Local Enterprise Partnership (NELEP), Central Government including: Department for Work and Pension (DWP); Ministry of Housing, Communities and Local Government (MHCLG); Department for Education (DfE) and Local Government (NTCA and Local Authorities). It is proposed that the Head of Paid Service, in consultation with the Cabinet portfolio holder, be authorised to finalise the terms of reference for and appointments to the Board.
- 1.10 The Inclusive Economy Board will be directly accountable to the NTCA Cabinet and will operate in an advisory capacity, monitoring and reporting progress, and making recommendations as appropriate, in a way that is consistent with the NTCA Inclusive Economy Policy Statement.

NTCA DWP Employment Framework

- 1.11 The North of Tyne Devolution Deal sets out a commitment that the NTCA and the Department for Work and Pensions (DWP) will jointly develop and adopt an Employment Framework 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.

- 1.12 The NTCA Inclusive Economy Board, on which the DWP will have member representation, will provide oversight of the Framework and be the key governance through which it is delivered. The Inclusive Economy Board will agree and oversee an action plan setting out how the shared ambitions are to be delivered in the North of Tyne area. The development of the action plan to deliver upon this framework will be prioritised by the Inclusive Economy Board.
- 1.13 The NTCA DWP Employment Framework was approved by NTCA Cabinet in October 2019 and is currently with DWP for sign off by the Secretary of State.
- 1.14 This is an ambitious initiative that – at best – will allow us to co-design an approach to employment support that works better for citizens; using the convening and enabling role of the CA and our members.

Good Work Pledge

- 1.15 As detailed at the NTCA Cabinet meeting in December 2019, over the last year, NTCA has co-designed and developed a programme to understand what ‘Good Work’ should look like in the North of Tyne and how the NTCA can promote and reward employers that are offering the main elements of ‘Good Work’. This has included the development of a Good Work Pledge, which will enable employers to understand the key elements of ‘Good Work’, what they can do to achieve this for their employees and what support is available to help them get there.
- 1.16 The importance of developing a model which was accessible and suitable to all scales of business, from micro-SME’s (less than ten employed staff) to large businesses (over 1,000 staff) was highlighted by employers as was the opportunity to be able to demonstrate progress on the journey towards Good Work.
- 1.17 The NTCA Good Work Pledge also complements the existing accreditation and awards landscape, as a result of employer input into the design of the programme.
- 1.18 The NTCA Good Work Pledge is comprised of 5 pillars:
- i. Valuing and rewarding your workforce:** Covering fair pay, providing job security and job fulfilment and a clear commitment to practice that does not exploit workers’ rights.
 - ii. Promoting health and well-being:** Valuing and ensuring the health and wellbeing of employees, promoting healthy lifestyles and supporting workers with health issues and disabilities to maintain and progress their employment.
 - iii. Effective communications and representation:** Employers ensure effective communications across the entire organisation including representation from employees at all levels. They demonstrate that they listen to and value the views of employees, providing autonomy and a voice in the running of the organisation. A culture exists that promotes fairness and trust and that allows

better access to work and fairness in rights and conditions for employees.

iv. Developing a balanced workforce: The organisation has a balanced workforce with a clear vision, values and policies that promote equality and diversity. Employers invest in the training and development of their staff: low skilled workers in particular are encouraged to develop their skills and qualifications.

v. A social responsibility: Employers demonstrate their social responsibility through a range of ways: local access to procurement and contracting opportunities, buying locally, ensuring prompt payment to suppliers, connecting to local people and giving something back to communities through engagement and action. There is a clear commitment to sustainability and the Environment.

1.19 Building on Cabinet's advice from December, we will be rolling out the Pledge in two phases. Phase one will take place in the first half of 2020 and will involve developing a suite of early adopters who will help us road-test the model in practice. NTCA has sought input from our constituent authorities to ensure early adopters of the Pledge represent an appropriate range of scales and sectors of employers. We will work with our early adopters on social media and other communications opportunities to continue to raise the profile of the Pledge and Good Work in the North of Tyne. We will also incorporate any feedback into the Pledge's development to show what Good Work looks like, how it can happen in practice and what the benefits are for employers and businesses.

1.20 Building on feedback from our early adopters, phase two will begin with a formal public launch in Summer 2020, in partnership with key supporters in our area. This will include continuing to build strategic links with representative bodies such as the Trades Union Congress (TUC), the Confederation of British Industry (CBI), the North East Chamber of Commerce (NECC), Federation of Small Business (FSB) and Voluntary Organisations' Network North East (VONNE), as well as continuing to share our learning with other Combined Authorities nationally.

Adult Education Budget devolution

1.21 Devolution of the Adult Education Budget (AEB) will allow us to move from a system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, with common agreement to address local need.

1.22 We are creating the opportunity for providers to be able to innovate and respond to address the needs of local communities and employers, delivering better outcomes for residents and regional economies.

1.23 NTCA have published an AEB Strategic Skills Plan which sets out clear expectations for adult education, explicitly linked to the needs of the North of Tyne and in support of the wider North East Strategic Economic Plan.

- 1.24 NTCA will manage the devolved AEB for North of Tyne residents from 1 August 2020 which is worth £22.7million. Adult learners who do not reside at a postcode based within the North of Tyne boundary will be funded either from the Education and Skills Funding Agency (ESFA) or from another Mayoral Combined Authority (MCA) where AEB has been devolved.
- 1.25 In preparation for delivery from 1 August 2020, NTCA have entered into a discussion with a select number of providers who currently deliver significant provision to North of Tyne residents, with the intention of continuing to Grant funding their allocation. Grant funding is expected to account for 67% of the NTCA allocation. These providers are already Grant funded by the Education and Skills Funding Agency (ESFA) so continuing to Grant fund from the devolved allocation will enable stability to the skills system across the NTCA area during the transition.
- 1.26 All other providers were invited to bid for a Contract for Service. This procurement process closed in December 2019.
- 1.27 Providers were invited to bid for the following Lots with up to £6.6 million available in total:
- 1. Unemployed.** This provision will be accessible to key target groups e.g. 19-24 NEETs, over 50-year olds, the long-term unemployed and the economically inactive with significant barriers to work, such as physical or mental health conditions. Lot value up to £2million/year. Contract values between £50,000-£500,000.
- 2. Employed.** In-work progression and/or Skills for NTCA Growth Sectors. This provision will provide those residents in low skilled, low paid work the necessary skills and support to progress in employment. This provision will also provide NTCA the opportunity to address the skills gaps in our growth sectors. Lot value up to £4million/year. Contract values between £100,000-£1,000,000.
- 3. Innovation.** NTCA supports the use of innovation and this Lot will enable organisations to deliver highly responsive provision that is targeted and specific to a range of residents' needs which require more flexibility and intensity than which is currently available through the core AEB provision. Lot value up to £600,000/year. Contract values between £25,000-£150,000.
- 1.28 The appraisal process for the bids received is currently underway and all successful applicants will have their contract in place ready for delivery from August 2020.
- 1.29 All providers who receive an allocation of AEB from NTCA are required to compile a Delivery Plan, setting out their priorities for enrolment over the next 3 years.
- 1.30 Regular review of these delivery plans will allow effective management of contracts and clarity of offer to ensure North of Tyne residents are offered courses that are progressing them towards, into or through employment. This will ensure that learning within the NTCA area is purposeful and has a positive impact on the lives of our residents, and that delivery is efficient, effective and supportive of the needs of our residents and economy.

Working Homes test and learn project

- 1.31 North of Tyne Working Homes was the first large scale employment support programme launched by the NTCA, building on a long track record of local authority collaboration on employment and skills initiatives in the region. It is an innovative partnership between housing providers, housing associations, learning providers and local authorities, including Bernicia Homes, Karbon Homes, Newcastle Futures, North Tyneside Housing, Northern Learning Trust, Northumberland County Council Housing Services and Your Homes Newcastle.
- 1.32 The partnership is testing a new approach to supporting social housing tenants - in particular to develop their skills and help them to move into work. We believe that social housing providers are ideally placed to engage their tenants in employment support, supported by a wider partnership that can deliver a range of support which is flexible and tailored to individual need. The breadth of the partnership means this can include formal and informal learning, skills development, job preparation, job brokerage and help to manage tenancies. Once people enter work, support from an employment coach will continue to help them stay in work and progress.
- 1.33 A key feature of Working Homes is the integration of employment support and tenancy management, embedding employment coaches and other support workers as part of housing management teams to ensure more appropriate and earlier offers of support are made to residents. As well as help to find work, tenants can build their resilience and gain the skills to maintain successful tenancies.
- 1.34 Services are delivered in locations that best meet tenant need, including a range of neighbourhood-based hubs across the area providing on-site services within wider social community networks. They are familiar and easily accessible to local tenants as centres of on-site education and training and wider learning.
- 1.35 The project is intended to act as a catalyst for longer-term integration of tenancy management and employment support to improve economic participation of social housing tenants. The approach will be promoted to housing providers more widely once an interim evaluation of the approach is available.
- 1.36 Between April 2019 to March 2022 the project will support at least 1,650 North of Tyne residents. From April to December 2019, 304 residents were engaged in the programme and were receiving support. 204 of these were unemployed, and 100 economically inactive. This is on target for project performance profile. Regular performance management reviews are held with individual delivery partners, and at partnership meetings.

Carers into Work pilot

- 1.37 Many people who take a break from the labour market to fulfil caring responsibilities have difficulty re-entering work. Time away from work can adversely impact skills, confidence, and work history. The Government Equalities Office identified returning from career breaks to care as a priority, and this was reflected in the North of Tyne Devolution Deal where there is a specific commitment that 'Government and the

NTCA will explore ways to support those returning to the labour market after time out of paid employment to care for children or other family members.'

- 1.38 This pilot project will offer those looking to return to work with real opportunities in the workplace and will also support a more in-depth understanding of the barriers to work faced by potential returners in the North of Tyne area. The focus of the project will be those with caring responsibilities who are not in employment and want to work, including:
- Young carers;
 - People who want to balance caring responsibilities with work;
 - People whose caring responsibilities have recently come to an end, or will soon come to an end, and who want to work.
- 1.39 The project will be employer-led, so that it provides a route to genuine vacancies and helps to meet employers' recruitment needs. Work is underway with several employers across the North of Tyne area to develop these routeways into employment, such as work experience, traineeships, training programmes and flexible conditions. These opportunities for carer placements will be available from April 2020 onwards.
- 1.40 NTCA have appointed a Project Manager and Programme Officer to oversee the project and they will work in partnership with the three main carer support organisations in the North of Tyne area, which are Carers Northumberland, North Tyneside Carers Centre and Newcastle Carers. Between them they are actively supporting approximately 9,000 working age carers. Over a 3-year period the project aims to support 450 residents and to support the delivery of the project each delivery partner is currently in the process of recruiting a Carers into Work Advisor to engage, support and match carers with routeway opportunities.
- 1.41 NTCA, in partnership with Carers Northumberland, North Tyneside Carers Centre and Newcastle Carers will be actively engaged in Carers Week in June 2020. Carers Week is an annual campaign to raise awareness of caring, highlight the challenges carers face and recognise the contribution they make to families and communities throughout the UK.

Employability and Skills Programme Phase 1

- 1.42 £3million of the Inclusive Economy Innovation Fund has been made available to provide a much-needed source of match funding for the current calls for European Social Fund (ESF) projects.
- 1.43 The aim of this Programme is to unlock some of the remaining ESF funds available to the region for the benefit of North of Tyne residents and in support of an inclusive economy in the North of Tyne area.
- 1.44 It is expected this investment will provide potentially life changing support for up to 3500 North of Tyne residents, across all 3 Local Authority areas in North of Tyne.
- 1.45 All of the money has been allocated to in-principle agreements following an open call for projects which closed on the 10th October 2019. Applicants successful in gaining

an in-principle offer of funding are now awaiting the outcome of their application for ESF funding submitted to DWP in December 2019.

2. Potential Impact on Objectives

2.1 The activity detailed in this paper directly contributes to the Hotbed of Talent pillar of ambition set out in the North of Tyne Economic Vision. This pillar focusses on 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, while providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

2.2 The Employability and Inclusion portfolio of activity is directly aligned to the NTCA Inclusive Economy Policy Statement.

3. Key Risks

3.1 Risks are recorded, monitored and mitigated per project.

4. Financial and Other Resources Implications

4.1 There are no direct financial implications arising directly from this report. Projects that are in progress have previously been approved by cabinet. Future proposals to deliver the proposed priorities will come back to cabinet for approval following the usual project assurance process and will be reflected in future financial management reports and financial plans.

5. Legal Implications

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

6. Consultation/Engagement

6.1 All relevant stakeholders have been consulted and engaged per project.

7. Appendices

7.1 None

8. Background Papers

8.1 None

9. Contact Officers

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

10. Glossary

10.1

Adult Education Budget	AEB
Confederation of British Industry	CBI
Department for Work and Pensions	DWP
Education and Skills Funding Agency	ESFA
European Social Fund	ESF
Federation of Small Business	FSB
North East Chamber of Commerce	NECC
North of Tyne Combined Authority	NTCA
Trades Union Congress	TUC
Voluntary Organisations' Network North East	VONNE

Subject: Climate Change – a suggested North of Tyne approach on Engagement with Citizens – Citizens’ Assembly

Report of: Tom Sharman, Engagement Officer

Report Summary

The purpose of this report is:

- To ask Cabinet to consider how the Combined Authority can begin to make its own contribution to tackling the Climate Emergency it has declared.
- To suggest how that might be done in a way that adds value to the work already being done by the Constituent Authorities; and
- Consider using a Citizens’ Assembly as a mechanism to gather advice to the Combined Authority and the communities it serves.

Recommendations

The Cabinet is recommended to approve the creation of a Citizens’ Assembly to look at a specific set of issues relating to climate change that will produce actionable recommendations for the North of Tyne Combined Authority to consider.

The creation of a Citizens’ Assembly involves:

- Recruitment of a ‘deliberative democracy provider’ – an external organisation to design and facilitate the Citizens’ Assembly;
- Establishment of an Oversight Panel to determine the topic and questions to be put to the Citizens’ Assembly to consider;
- Ensuring the inclusion of citizens from diverse backgrounds and cohorts.

If approved, to delegate authority to finalise arrangements to the Head of Paid Service in consultation with the Investment Panel and Portfolio Holder, working within the budget envelope outlined in section 7.1

1. Context and background

1.1 The climate change challenge is pressing and real, and requires action to address it at the local, national, and international level. The North of Tyne Combined Authority and its constituent authorities have all declared climate emergencies. There is a mounting evidence base as to the increasing impacts of climate change and on the shifts in behaviour, culture and practice that will be needed to both reduce greenhouse gas emissions to avoid the worst effects of global warming and adapt to those which are now unavoidable.

1.2 These are global challenges – for example, the UK is currently responsible for less than 2% of global greenhouse gas emissions by production source – but we can make a difference and our local authorities and the Combined Authority are already taking action. For example:

- North Tyneside is investing in accelerating carbon dioxide/nitrogen oxide reduction within its bus fleet and secured grant funding to retrofit 69 buses. The Council has pledged to include a separate line in the 2020/21 Investment Plan dedicated to projects addressing the climate emergency.
- Newcastle has launched a high-profile climate taskforce and has led the way on bold measures to improve air quality in the city centre.
- Northumberland has published its plan to become a net zero county by 2030 and is engaging stakeholders in the changes needed in power generation, consumption, transport and natural land management to reach that target. It is also developing the already thriving low carbon/offshore sector at Blyth with Energy Central, 200 hectares of strategic, quay-linked development sites.
- The North of Tyne Combined Authority is investing in feasibility studies for the Hexham Hydro project, the Northumberland Energy Park Phase 3 and expanding offshore wind.

1.3 We know that the response to the climate emergency must be system-wide, and in many cases goes beyond our capabilities as a Combined Authority. Action to decarbonise the economy and adapt to the unavoidable impacts of climate change will require a scale of investment and behaviour change which is profound.

1.4 The evidence base suggests that greenhouse gas emissions – and therefore where we must target carbon reduction - are largely split across three sectors within the North of Tyne region:

- Transport: 34%.
- Industry, commercial and public sector (including electricity-related emissions): 33.1%.
- Housing/domestic (including electricity-related emissions): 32.9%.

In all of these sectors a mixture of public and private sector action will be needed, coupled with a scale of behaviour change from citizens and society that goes far beyond what we have seen to date.

2. The North of Tyne approach

- 2.1 The North of Tyne Combined Authority was established to accelerate inclusive economic growth across the region, and on this basis we will seek to add value to the actions already being taken by our local partners.
- 2.2 Our Investment Programme aims to bring about a cleaner economy and we seek to lead by example by becoming carbon neutral as an organisation. We will use our influence to access resources, use our investment programme to stimulate innovation in clean growth, and use our skills and education programmes to equip our citizens with the tools they need to play their part.
- 2.3 NTCA also plays a convening role – enabling conversations between citizens, communities and sectors about the type of economy and society they want in the future, and what we can collectively do to make it happen. We don't have all the answers but we can create mechanisms to ensure our work is inclusive and that our citizens have a real voice. We will make the advice and evidence that we obtain available to other organisations that wish to collaborate in tackling the climate emergency, such as the NHS.

3. Gathering evidence and advice

- 3.1 A Citizens' Assembly is one tool for gathering evidence and advice. It is designed to bring real, deliberative engagement with our citizens that is robust enough to reflect the complexity of the issues at hand. It would explore:
- What residents need
 - What businesses need
 - How organisations can work together to bring about a just transition to a more sustainable future
- 3.2 The Citizens' Assembly would build on the serious engagement that is already happening across the North of Tyne region, for example:
- Newcastle, Gateshead and North Tyneside's consultation on air quality
 - North Tyneside's Climate Emergency Board and Action Plan Stakeholder Workshops
 - Northumberland's climate change steering and working groups together with a climate change commission to oversee their progress

It would be shaped and facilitated in partnership with our constituent authorities to ensure that we create an independent and credible citizen voice which can help us to shape our approach to clean, inclusive growth, and climate change over the long term.

- 3.3 Citizens' Assemblies are increasingly popular methods of generating deliberative citizen insight into complex problems facing societies and governments. They actively seek sceptical and opposing views, rather than simply recruiting enthusiasts for a particular position, in order to engage a broadly representative sample of the population.
- 3.4 The Government now expects public sector organisations to create opportunities for people to change their own lives and the world around them by involving them in national and local decision-making. In the Government's civil society strategy it states: "We need the government and public sector agencies to open up and involve people in the decisions that affect their lives and that of their communities". The government launched the Innovation in Democracy programme to pilot participatory democracy approaches, whereby people are empowered to deliberate and participate in the public decisions that affect their communities in 2018.
- 3.5 A Citizens' Assembly is when a randomly-selected but representative group of residents are convened to consider a specific issue. They learn about the topic (hear evidence from expert witnesses), deliberate (weighing possible policy options), and make actionable recommendations.
- 3.6 A Citizens' Assembly is usually commissioned by a public authority – most in the UK to date have been commissioned by local authorities – that sets the broad topic to be considered. But once the topic has been agreed the commissioning authority steps back and allows the Citizens' Assembly to operate independently.
- 3.7 We have already seen examples of local authorities and high-profile bodies using Citizens' Assemblies as part of their engagement and decision-making approach. For example:
- The House of Commons has commissioned a Citizens' Assembly to discuss how the UK should meet the Government's net zero greenhouse gas emissions target.¹
 - The Bank of England recently launched Citizens' Panels to hear from the public on jobs, pay and the cost of living.²
 - Test Valley Borough Council commissioned a Citizens' Assembly to consider the future of Romsey Town Centre.³
 - Devon County Council is committed to establishing a Citizens' Assembly as part of its climate emergency response to help produce its Devon Carbon plan.⁴

See appendix 1 for further examples of Citizens' Assemblies that have taken place, or are due to take place, in the UK.

¹ <https://www.climateassembly.uk/>

² <https://www.bankofengland.co.uk/get-involved/citizens-panels>

³ <https://www.demsoc.org/2019/12/17/final-report-romsey-citizens-assembly/>

⁴ <https://www.devonclimateemergency.org.uk/devon-carbon-plan/citizens-assembly/>

3.8 Following consultation with our constituent local authorities, and more widely, our approach would be to establish an Oversight Panel and commission an external 'deliberative democracy provider' to design and facilitate the Citizens' Assembly itself.

3.9 We will ensure that the Citizens' Assembly does not undermine or duplicate existing local authority consultations and policy initiatives or raise unreasonable expectations of immediate transformative action as a result of its deliberations.

4. Next steps

4.1 If Cabinet are minded, the next steps are:

- To establish an Oversight Panel that refines the question(s) to be put to Citizens' Assembly participants and agree on the expert witnesses that will give evidence. This will give constituent authorities the chance to shape the questions that the Citizens' Assembly will consider.
- To commission an external 'deliberative democracy provider' to design and facilitate the Citizens' Assembly as well as recruit its participants.
- To use the external provider to recruit a minimum of 50 participants who are representative of the population of the region in relation to demographic criteria, such as age, gender, educational attainment, socio-economic background. In order to ensure a truly representative Assembly provision will be made for reasonable expenses, such as childcare, and a daily allowance.

4.2 The design and facilitation of the Citizens' Assembly will be independent but the NTCA and its constituent authorities will shape the questions to be asked through the Oversight Panel. Any recommendations from the Citizens' Assembly will come to the Cabinet before any implementation.

5. Potential Impact on Objectives

5.1 The Citizens' Assembly is one method for taking forward the North of Tyne Combined Authority's response to the climate emergency.

6. Key Risks

6.1 The key risk is the management of citizen expectations; this is a complex area where solutions may be system wide or outside the scope of local leadership and delivery.

7. Financial and Other Resources Implications

- 7.1 Previous Citizens' Assemblies commissioned by local authorities have cost between £60,000 and £100,000. The UK national Citizens' Assembly on climate change is due to cost £500,000.⁵ Costs include design, facilitation and refreshments. In order to secure a cross-section of the population we will need to pay daily expenses, meet travel and childcare costs for the equivalent of two weekends' worth of time. This is most practically paid as a daily allowance but we will retain flexibility to support people who face particular barriers to attending. Cabinet is therefore recommended to expect a Citizens' Assembly to cost around £80,000. This cost can be met from the 2020/21 Investment Fund Budget.

8. Legal Implications

- 8.1 The Monitoring Officer has been consulted on this report. The Assembly is intended to assist the authorities' decision-making on climate change matters. Each authority ultimately must be responsible for deciding what actions to take on these matters, taking account of its statutory duties and all other material considerations.

9. Consultation/Engagement

- 9.1 A range of organisations have been consulted and have helped shape this plan. These include deliberative democracy providers, facilitators and staff involved in other Citizens' Assemblies, academic experts on the methodology of Citizens' Assemblies, environmental groups, and the voluntary sector.

10. Appendices

- 10.1 **Appendix 1: other public authorities that have commissioned Citizens' Assemblies**

Authority	Question	No. of participants	Cost	Status
National Assembly for Wales	How can people in Wales shape their future through the work of the National Assembly for Wales?	60		Completed July 2019

⁵ The Guardian, Thousands of Britons invited to climate crisis citizens' assembly, 2 November 2019: <https://www.theguardian.com/environment/2019/nov/02/thousands-britons-invited-take-part-climate-crisis-citizens-assembly>

London Borough of Camden ⁶	How can the council and the people of Camden help limit the impact of climate change while protecting and enhancing our natural environment? – What do we need to do in our homes, neighbourhoods, council and country?	60		Completed September 2019
Greater Cambridge Partnership ⁷	How do we reduce congestion, improve air quality and provide better public transport in Greater Cambridge?	60		Completed October 2019
Oxford City Council ⁸	Should Oxford be more proactive and seek to achieve 'net zero' sooner than 2050?	50		Completed November 2019
Leeds Climate Commission ⁹	What should Leeds do about the emergency of climate change?	25 (Citizens' Jury rather than Citizens' Assembly)		Completed November 2019

⁶ Camden Citizens' Assembly on the climate crisis, Recommendations for tackling the climate crisis in Camden, September 2019:

<https://www.camden.gov.uk/documents/20142/0/Camden+Citizens%27+Assembly+on+the+Climate+Crisis+-+Report.pdf/947eb4e5-5623-17a1-9964-46f351446548>

⁷ Greater Cambridge Citizens' Assembly on congestion, air quality and public transport, Preliminary report: high-level conclusions, 6 October 2019:

https://www.involve.org.uk/sites/default/files/field/attachemnt/Greater%20Cambridge%20Citizens%27%20Assembly_Preliminary%20Report_High-Level%20Conclusions_Updated_141019_0.pdf

⁸ Oxford Citizens' Assembly on climate change:

https://www.oxford.gov.uk/info/20011/environment/1343/oxford_citizens_assembly_on_climate_change/6

⁹ Leeds Climate Commission: <https://www.leedsclimate.org.uk/leeds-climate-change-citizens-jury>

Dudley Metropolitan Borough Council ¹⁰	What can communities and the Council do together to make Dudley and Brierley Hill town centres places that are vibrant, welcoming and somewhere we are proud of?	50		Due November 2019
Test Valley Borough Council	How do we improve the area around Crosfield Hall and the Bus Station to deliver the maximum benefit to Romsey?			Due November 2019
London Borough of Kingston ¹¹	Air quality	40		Due December 2019
London Borough of Brent ¹²	Climate Change	55		In progress
UK Parliament ¹³	How should UK reach net zero by 2050?	110	£520,000 ¹⁴	In progress
Scottish Government ¹⁵	What kind of country are we seeking to build? How best can we overcome the challenges Scotland and the world face in the 21st century, including those	100		In progress

¹⁰ Dudley Council: <https://www.dudley.gov.uk/council-community/peoples-panel/>

¹¹ Kingston Council: <https://www.kingston.gov.uk/CitizensAssembly>

¹² Brent Climate Assembly: <https://brentclimateassembly.commonplace.is/news>

¹³ Climate Assembly UK: <https://www.climateassembly.uk/>

¹⁴ The Guardian, Thousands of Britons invited to climate crisis citizens' assembly, 2 November 2019: <https://www.theguardian.com/environment/2019/nov/02/thousands-britons-invited-take-part-climate-crisis-citizens-assembly>

¹⁵ Citizens' Assembly of Scotland: <https://www.citizensassembly.scot/>

	<p>arising from Brexit?</p> <p>What further work should be carried out to give us the information we need to make informed choices about the future of the country?</p>			
London Borough of Newham ¹⁶	Climate Change			To start January 2020
London Borough of Croydon ¹⁷	Croydon carbon neutral by 2030			TBC
London Borough of Lambeth	Climate Change		£85,000 budgeted ¹⁸	TBC
Devon County Council ¹⁹	Will review decarbonising Devon plan			Yet to be established
Sheffield City Council ²⁰	Zero carbon city			Yet to be established
Scottish Parliament ²¹	How to achieve a net zero transition			

¹⁶ Mutual Gain: <https://www.mutualgain.org/newham-first-citizens-assembly-on-climate-change/>

¹⁷ Croydon Council: <https://wp.croydon.gov.uk/newsroom/citizens-assembly-to-help-create-a-greener-more-sustainable-croydon/>

¹⁸ Lambeth Council:

<https://moderngov.lambeth.gov.uk/documents/s107088/Climate%20Crisis%20Response%20CMDR.pdf>

¹⁹ Devon Climate Emergency: <https://www.devonclimateemergency.org.uk/devon-carbon-plan/citizens-assembly/>

²⁰ Sheffield City Council: <https://www.sheffield.gov.uk/home/your-city-council/climate-emergency-response>

²¹ Holyrood magazine, 26 September 2019: https://www.holyrood.com/news/view_scottish-parliament-passes-climate-change-bill_10852.htm

10.2 **Appendix 2: suggested composition of the Oversight Panel**

	Chair	Independent from the constituent authorities
	Officers from the constituent authorities	Climate change leads
	Academic expert on Citizens' Assembly methodology	
	Academic expert on climate science and/or practical implications such as planning or transport	
	Representative from business community	
	Representative from unions	
	Representative from voluntary sector	
	Representative from environmental groups	
	Secretariat	Engagement Officer, NTCA

10.3 Appendix 3: examples of deliberative democracy providers

The commissioning authority recruits an external ‘deliberative democracy provider’ to design and facilitate the work of the Assembly, including recruiting participants. This is a relatively specialist role and there are a limited number of organisations who have delivered Citizens’ Assemblies in the UK to date. They include:

- Involve²² – a charity specialising in public participation in decision-making
- Democratic Society²³ – a non-profit organisation that delivers participatory projects
- Sortition Foundation²⁴ – a not-for-profit organisation specialising in the random selection of participants for Citizens’ Assemblies. Most Citizens’ Assemblies have used the Sortition Foundation for the recruitment of Assembly members
- Shared Future²⁵ – a Community Interest Company specialising in facilitation and which delivered the Leeds Citizens’ Jury (similar to a Citizens’ Assembly but with fewer participants)
- Mutual Gain²⁶ – an organisation who specialise in participation and who are running the Newham Citizens’ Assembly
- Ipsos MORI²⁷ – an opinion polling company who ran the Oxford Citizens’ Assembly
- Traverse²⁸ – an independent research and consultancy organisation who ran the Brent Citizens’ Assembly
- Mark Diffley Associates²⁹ – a research and consultancy company which is running the Scottish Government’s Citizens’ Assembly

11. Background Papers

11.1 None

12. Contact Officers

12.1 Tom Sharman, Engagement Officer, tom.sharman@northoftyne-ca.gov.uk, 07866 174 746

Ruth Redfern, Director of Policy and Performance, ruth.redfern@northoftyne-ca.gov.uk 0191 277 4709

²² Involve: <https://www.involve.org.uk/about>

²³ The Democratic Society: <https://www.demsoc.org/who-are-we/>

²⁴ Sortition Foundation: <https://www.sortitionfoundation.org/about>

²⁵ Shared Future: <https://sharedfuturecic.org.uk/about/shared-futures-mission/>

²⁶ Mutual Gain: <https://www.mutualgain.org/about-us/>

²⁷ Ipsos MORI, Oxford Citizens’ Assembly on climate change: <https://www.ipsos.com/ipsos-mori/en-uk/oxford-citizens-assembly-climate-change>

²⁸ Traverse: <https://traverse.ltd/our-services>

²⁹ Mark Diffley Associates: <http://www.markdiffley.co.uk/>

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Subject: Update to the 2020-21 Budget reflecting the implications of the North East LEP transfer

Report of: Janice Gillespie, Chief Finance Officer

Report Summary

The purpose of this report is to apprise Members of the North East Local Enterprise Partnership (LEP) Budget and how it will be accounted for in North of Tyne Combined Authority (NTCA) Accounts.

Recommendations

The Cabinet is recommended to note the contents of this report and, in doing so, note the update on the 2019-20 North East LEP Revenue Budget and Provisional Estimate for the Revenue Budget for 2020-21, including the Invest North East England Budget and Enterprise Zone Account.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 Prior to the creation of NTCA, the seven local authorities and North East Combined Authority (NECA) entered into a Deed of Co-operation which set out the parties' intention that NECA would be the accountable body for the Joint Transport Committee (JTC) and NTCA would be the accountable body for the North East LEP. Work has been on-going since then to finalise the practical arrangements, such as the associated staffing transfers and provision of support services through SLAs.

A key element of this work related to the sharing of pension assets and liabilities between the combined authorities to support the proposed arrangements. This work is nearing completion and it is intended that the agreed arrangements shall be put in place with effect from 1 April 2020.

At January 28 2020 Cabinet authorisation was given to the Monitoring Officer to complete a new Deed of Co-operation and a new Accountable Body Agreement and authorised the Chief Finance Officer and the Monitoring Officer to take such other steps as are necessary for the NTCA to take on accountable body status for the North East LEP.

Pending the accountable body status of the North East LEP transferring across to the NTCA on 1st April 2020 the 2019-20 Revenue Budget update and 2020-21 Provisional Estimate for the North East LEP were reported as part of NECA Leadership Board Budget Papers (Appendix 1). The report provided an update on the key funding elements of the North East LEP and included a separate update on the Invest North East England (INEE) Budget and Enterprise Zone account for the same period.

An outturn report for 2019-20 and an updated Budget for 2020-21 with latest information about funding and a three-year budget projection will be taken to the North East LEP Board in May. This will be reported to June Cabinet along with the 2019-20 NTCA outturn position.

As reported in January 28 Cabinet NTCA 2020-2024 Budget Report, the NTCA budget will need to reflect decisions about the level of government grant available to support North East LEP costs as well as the guidance and resource requirements needed to meet grant conditions. Cabinet will be kept updated regarding progress on this matter.

2. Potential Impact on Objectives

- 2.1 The proposals in this report are intended to put into effect the sharing of the accountable body roles in line with the principles previously agreed by the authorities.

3. Key Risks

- 3.1 There are no key risks identified at this time in relation to the financial process. The wider operational implications are being worked through by the Chief Finance Officer, Head of Paid Service, Interim Monitoring Officer and Directors.

4. Financial and Other Resources Implications

- 4.1 The Deed of Co-Operation sets out the requirement that “there shall be no financial or operational detriment to the North East LEP operations as a consequence of the New Order or any change in the Host Combined Authority”. The Chief Finance Officers from across the LEP area authorities have been working together on a proposed solution that will secure as far as is reasonable the financial requirements of the LEP, the solution also secures no detrimental financial implication for the North of Tyne Combined Authority. There are no proposed changes required to the 2020-21 budget for this authority, other than the requirement to include the LEP budget at the appropriate time, in order to be in place for 1 April 2020. The report sets out finance and other resource considerations in detail.

5. Legal Implications

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

6. Consultation/Engagement

- 6.1 As set out above, the proposals in this report are intended to put into effect the sharing of the accountable body roles in line with the principles previously agreed by the authorities.

7. Appendices

- 7.1 Appendix 1 - NECA Leadership Board Appendix 2 – North East LEP Budget Report

8. Background Papers

- 8.1 None

9. Contact Officers

- 9.1 Janice Gillespie, Chief Finance Officer,
Janice.gillespie@northoftyne-ca.gov.uk 0191 643 5701

10. Glossary

- 10.1 JTC – Joint Transport Committee
- NECA – North East Combined Authority
- NTCA – North of Tyne Combined Authority

Leadership Board

Appendix 2 – North East LEP Budget Report

North East Local Enterprise Partnership Board

30th January 2020

Update on 2019/20 Revenue Budget; and a Provisional Estimate for the Revenue Budget for 2020/21

1. Introduction

- 1.1 The purpose of this report is to provide an update to the Board on the revenue budget position for the current year (2019/20), and to provide an indicative Budget for next year (2020/21). This includes information about the budget for the Enterprise Zone account and Local Growth Fund and North-East Investment Fund (NEIF).
- 1.2 As in previous years it is intended to provide an outturn report for 2019/20 and an updated Budget for 2020/21 with latest information about funding and a three-year budget projection at the May Board.

2. LEP 2019/20 Revenue Budget

- 2.1 During 2019/2020 there has been an increase in additional external funding, including European Social Funds and other Government funds which has resulted in additional activity in the year, resulting mainly in increases in operational cost (including the costs of short-term secondments) and a small increase on the staffing budget. The increase mainly relates to skills, business advice and Brexit preparation activity.
- 2.2 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund; NEIF and Enterprise Zone programmes. Table 1 provides a summary of the Revised Revenue Budget for the year compared with the revenue indicative Revenue Budget reported in January 2019, and the updated Revenue Budget reported in May 2019, with supporting notes provided below.
- 2.3 The North East LEP board agreed a provisional revenue budget for 2019/20 of £4.155m in January 2019 and an updated revenue Budget of £4.157m in May 2019.

With a higher gross income estimate of £4.121m in May, the projected drawdown from the LEP reserve had reduced from £0.342m in January to £0.036m, leaving an estimated reserve of £0.549m at the end of the year, in May.

- 2.4 Total revenue expenditure in 2019/20 is now estimated to be £4.664m, which is £0.507m higher than estimated in the May. However, this increase is funded by estimated additional income, which has risen by £0.518m to £4.639m, mainly attributable to awards of additional grant income, in particular Brexit preparation funding and skills funding. The net effect was a reduction in a net cost for the year from £36k in May to £26k.
- 2.5 This follows the pattern in previous years, where a cautious view on income and a prudent provision for costs results in an estimated call on reserves at the start of the year, and additional income or lower costs in the year reduces the call on reserves at the year end. The estimated level of North East LEP reserve to be carried into 2020/21 is estimated to be £0.559m.
- 2.6 In terms of grant income, many of the specific grants are subject to claims for actual expenditure in the year. If eligible expenditure is lower in the year then the amount of grant receivable for the year will also reduce to reflect the actual level of eligible expenditure that has been incurred.
- 2.7 The main budget variations are summarised below.

Employee Costs

- 2.7.1 In relation to employee costs there is a small increase when compared with May 2019 Budget Update. There has been a saving as a result of holding vacant posts, with any new posts being matched by increase in income; and a net saving in assumed employee pension costs, which have remained at nil due to the continuation of NECA as the accountable body for the North East LEP in 2019/20.

Brexit Costs

- 2.7.2 The variance of £0.254m is for both funding and costs for non-budgeted programmes. These are not expected to continue into 2020/21.

Other Costs

- 2.7.3 Other operational cost budgets are reflected in the 2019/20 revised budget in relation to non-salary costs in relation to new grant income streams such as LGF high potential Growth of £0.078m and Energy Programme operational costs of £0.040m. This has also led to an increase in the requirement for Legal and Financial advice.

North East LEP 2019/20 Revenue Budget	Original Budget (January 19)	Budget Update (May 2019)	Revised Estimate	Variation from May
	£'000	£'000	£'000	£'000
Employees	2,404	2,509	2,516	7
Premises	190	190	193	3
Communications	247	247	247	0
Transport LGF Monitoring	100	100	72	(28)
Growth Hub Operational Costs	138	117	141	24
Invite (Horizon 2020) Operational Costs	66	66	56	(10)
LIS (Local Industrial Strategy)	0	24	68	44
Other Operational Costs	614	614	612	(2)
North East Ambition Operational Costs (ESF)	206	100	96	(4)
Brexit Intelligence activity and Business Support	0	0	204	204
Brexit Policy Work Programme (Strategy & Policy)	0	0	50	50
LGF High Potential growth Operational Costs	0	0	78	78
Energy Programme Operational Costs (Strategy & Policy)	0	0	40	40
Inward Investment Contribution	140	140	140	0
Other LGF inc studies, part of Programme Management	24	24	70	46
Other NEIF and EZ Costs - Legal / Finance Support	26	26	81	55
GROSS EXPENDITURE	4,155	4,157	4,664	507
INCOME				
LEP Core & Strategy Grant from DCLG	(500)	(500)	(500)	0
Local Authority Match Contributions	(250)	(250)	(250)	0
BEIS - LIS production and LEP review	0	(224)	(224)	(0)
CORE FUNDING	(750)	(974)	(974)	(0)
Local Growth Fund (programme mgmt costs)	(1,100)	(950)	(950)	0
Interest Generated on Funds to fund INEE	(50)	(140)	(167)	(27)
Growth Hub	(410)	(410)	(442)	(32)
Additional Brexit Funding	0	0	(204)	(204)
Enterprise Adviser grant - CEC	(173)	(190)	(250)	(60)
Energy Strategy BEIS / TVCA (Strat & Policy)	(57)	(79)	(99)	(20)
Invite (Horizon 20/20)	(102)	(102)	(84)	18
ERDF + Digital Catapult + AHSN	(63)	(103)	(75)	28
NEIF Contribution to cover activity costs	(66)	(66)	(106)	(40)
EZ Contribution to cover activity costs	(52)	(52)	(107)	(55)
Education Challenge was NECOP	(106)	(136)	(143)	(7)
European Social Fund	(579)	(464)	(417)	47
LGF match North East Ambition (ESF project)	(280)	(314)	(143)	171
EY Foundation (20/21 seed)	0	(75)	(75)	0
DfE	0	(40)	(75)	(35)
LA Contributions re ESIF Co-ordinator	(20)	(20)	(20)	0
LGF High Potential	0	0	(93)	(93)
Brexit Policy Work Programme (Strat & Policy)	0	0	(59)	(59)
Energy Programme Misc. Contrib (Stratgy & Pol)	0	0	(69)	(69)
Energy Programme LGF Rev Contrib. (Stratgy & Pol)	0	0	(14)	(14)
5G Pilot - LGF	0	0	(35)	(35)
Other Income (ERDF Energy Innovation)	(6)	(6)	(37)	(31)
EXTERNAL FUNDING	(3,064)	(3,147)	(3,665)	(518)
GROSS INCOME	(3,814)	(4,121)	(4,639)	(518)
NET BUDGET	341	36	26	(10)
BROUGHT FORWARD BALANCE	(574)	(585)	(585)	0
Use or (Contribution) LEP Reserves	341	36	26	(10)
EZ Contribution	0	0	0	0
CARRY FORWARD BALANCE	(233)	(549)	(559)	(10)

3. LEP 2020/21 Revenue Budget

- 3.1 The indicative revenue Budget for 2020/21 reflects the latest known information of income for 2020/21 and an estimate of employee costs that reflects the transfer to a new accountable body to North of Tyne Combined Authority with effect from 1 April 2020, subject to the final confirmation by the LEP that the transfer in accountable body will occur at that time.
- 3.2 The estimates in this report are an indicative estimate, which will be refined in March and it is intended that a three-year medium term budget is again presented in May, when the outturn position for 2019/20 is clear and more information about grant income available for 2020/21 should be known.
- 3.3 A summary of the indicative budget is set out in the table below. The indicative figures show an 5.2% increase in Gross Expenditure to £4.909m and a reduction in income to £4.582m, with an assumption on no continuation of the BEIS grant received this year. The overall effect is an indicative net cost of £0.327m. This is less than the original net cost of £0.341m illustrated in the 2019/20 budget and less than the estimate of £0.400m for 2020/21 that was illustrated in May 2019.
- 3.4 In terms of employee costs there is a small increase of £0.108m (4.3%) when compared with the revised budget for 2019/20. The estimate includes a provision for inflation of 2%, the full year effect of posts appointed part way through 2019/20, scale uplifts and the TUPE transfer of staff to the North of Tyne Combined Authority as a new Accountable body from 1 April 2020. This assumes the continuation of a 0% employer's superannuation contribution that the North East LEP would have received had it remained with NECA and the impact of TUPE transfer of staff on a no detriment basis to pay scales operated by the NTCA.
- 3.5 The main changes in income reflect reduced short-term grant income from BEIS and Brexit Grant income; and a reduced contribution for LGF Programme management as we near the end of the programme. The North East LEP is bidding for additional grants and any grants secured will be included in the budget as they are announced.
- 3.6 Other significant changes in the estimates are summarised overleaf:

North East LEP 2019/20 Revised Budget and 2020/21 Indicative Budget	2019-20 Revised Estimate	2020/21 Indicative Budget	Budget 2020/21 Variance to 2019-20 Outturn
	£'000	£'000	£'000
Employees	2,516	2,624	108
Premises	193	190	(3)
Communications	247	252	5
Transport LGF Monitoring	72	72	0
Growth Hub Operational Costs (inc.Brexit increase)	141	93	(48)
Invite (Horizon 2020) Operational Costs	56	23	(33)
LIS (Local Industrial Strategy)	68	0	(68)
Other Operational Costs	612	626	14
North East Ambition Operational Costs (ESF)	96	312	216
Brexit Intelligence Activity and Business Support	204	0	(204)
LGF High Potential Operational	50	319	269
Brexit Policy Work Programme (Strategy & Policy)	78	110	32
Energy Programme Operational Costs (Strategy & Policy)	40	23	(17)
Inward Investment Contribution	140	140	0
Other LGF inc studies	70	23	(47)
Other NEIF and EZ Costs - Legal / Finance Support (PW/PJ)	81	102	21
GROSS EXPENDITURE	4,664	4,909	245
LEP Core & Strategy Grant from DCLG	(500)	(500)	0
Local Authority Match Contributions	(250)	(250)	0
BEIS - LIS production and LEP review	(224)	0	224
CORE FUNDING	(974)	(750)	224
Local Growth Fund (programme mgmt costs)	(950)	(850)	100
Interest Generated on Funds to fund INEE	(167)	(80)	87
Growth Hub (including Brexit increase)	(442)	(410)	32
Additional Brexit Funding	(204)	0	204
Enterprise Adviser grant - CEC	(250)	(150)	100
Energy Strategy BEIS/TVCA (Strat& Policy)	(99)	(15)	84
Invite (Horizon 20/20)	(84)	(63)	21
ERDF + Digital Catapult + AHSN	(75)	(75)	0
NEIF Contribution to cover activity costs *	(106)	(125)	(19)
EZ Contribution to cover activity costs	(107)	(160)	(53)
Education Challenge EDGE	(143)	(97)	46
European Social Fund	(417)	(620)	(203)
LGF match North East Ambition (ESF project)	(143)	(472)	(329)
EY Foundation (20/21 seed)	(75)	(30)	45
DfE	(75)	(35)	40
LA Contributions re ESIF Co-ordinator	(20)	0	20
LGF High Potential	(93)	(336)	(243)
LGF Innovation Pipeline	0	(79)	(79)
Brexit Policy Work Programme (Strat & Policy)	(59)	(121)	(62)
Energy Strategy Misc. Contributions	(69)	(23)	46
Energy Programme LGF Rev Contrib. (Stratgy & Pol)	(14)	(70)	(56)
5G Pilot - LGF	(35)	0	35
Other Income (ERDF Energy Innovation)	(37)	(21)	16
EXTERNAL FUNDING	(3,664)	(3,832)	(168)
GROSS INCOME	(4,638)	(4,582)	56
NET BUDGET	26	327	301
EZ Contribution		(309)	(309)
Use or (Contribution) LEP Reserves		(9)	(9)
BROUGHT FORWARD RESERVE BALANCE	(585)	(559)	26
CARRY FORWARD RESERVE BALANCE	(559)	(550)	9

LGF Funding

3.6.1 This remains a significant funding stream but is declining to completion in March 2021. Swap funding will be available beyond this to cover necessary continued monitoring and evaluation. The Government will need to announce its intention beyond 2021 for the continuation or not of this funding during 2020/21 to enable effective medium-term budget planning in 2021/22 and beyond.

BEIS Funding

3.6.2 The cessation of this one-off funding creates a significant variance of £0.224m on the previous year. This was used to pay for various activities including Local Industrial Strategy work that is assumed to be completed by March 2020.

Brexit Funding

3.6.3 This is one off funding included in the 2019/20 forecast but not available in 2020/21.

LGF High Potential

3.6.4 The increased cost in operational costs (£0.269m) in comparison to 2019/21 due to delay in approval of grant funding.

LGF Innovation Pipeline

3.6.5 This is a one-off project grant for 2020/21.

4. North East LEP Revenue Balances

4.1 The estimate for 2019/20 and 2020/21 shows that the North East LEP revenue balance as at 1 April 2019 was £0.585m and this is shown as reducing slightly to £0.550m at 31 March 2021. It is important to maintain a reasonable balance to deal with future uncertainties.

4.2 The balancing figure of £0.309m in the indicative 2020/21 Revenue Budget is a call on the Enterprise Zone surplus from the previously agreed £0.500m per annum budget.

4.3 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income surplus of up to £0.500m per annum could be utilised to support the revenue budget if required. To date there has not been a requirement to use this facility and therefore in effect saving £2.0m of potential spend from the EZ account. The illustration shows that up to £0.245m is anticipated, which is less than the potential use

£0.400m for the year that was projected in the Medium-Term Plan budget report considered by the Board in May 2019. The intention is to reduce the call on the EZ account by the year end through additional income and cost savings.

- 4.4 The balance on the Enterprise Zone account is estimated to be almost £3.0m as illustrated in section 5 below.

5. North East Enterprise Zones

- 5.1 Round 1 Enterprise Zones are located across four local authority areas; Newcastle, North Tyneside, Northumberland and Sunderland. Business rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25-year period, 2019/2020 is the seventh year of the Round 1 zones' life.
- 5.2 In April 2017 these were joined by a further ten sites across, Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland with the International Advanced Manufacturing Park (IAMP) site launched on the 1st April 2018 to complete the coverage. With the exception of the IAMP, it is the second year of the round 2 sites life. Ramparts (Northumberland) and Follingsby in Gateshead are estimated to generate Business Rates Growth Income during 2019/20, as the site required no capital investment to enable occupation to occur on part of the existing established industrial estate.
- 5.3 The table below provides a summary of the Enterprise Zone account income and costs for 2019/20 and 2020/21. While income in 2019/20 expected to be slightly higher than the prudent estimate made in July 2019, it is still significantly lower than the original projections. Some further growth is estimated for 2020/21 on round 2 sites. Figures for 2020/21 include a contingency to cover vacant buildings or the effect of valuation rating appeals.
- 5.4 Discussions are continuing with councils about the impact of valuation appeals and adjustments for 2018/19 and 2019/20; a share of grant provided by the Government to cover the loss of income due to the under-indexation of annual inflation uplift which reduced from the RPI measure of inflation to CPI inflation; and the potential backdating of income received when the business rate bills for new buildings come through in future years.

Enterprise Zone Account	2018/19	2019/20		2020/21
	Actual	July Estimate	Latest Estimate	Estimate
Business Rate Income	£000	£000	£000	£000
Round 1 Sites				
Newcastle	501	457	508	465
North Tyneside	194	171	165	171
Northumberland	334	332	314	257
Sunderland	750	731	755	724
Round 2 Sites				
Northumberland	46	39	39	56
Sunderland - IAMP			-	828
Gateshead Follingsby		143	242	221
Business Rates income	1,825	1,873	2,023	2,722
Interest on Account Balance	25	25	18	18
Total Income	1,850	1,898	2,041	2,740
Costs				
NEIF Repayments	1,238	800	1,000	446
Other Financing Costs	235	1,044	747	1,939
Inward Investment Contribution	71	135	135	230
EZ Account Operation	100	122	107	100
Total Costs	1,644	2,101	1,989	2,715
Annual Surplus	206	(203)	52	25
Cumulative Surplus	2,913	2,710	2,965	2,990

- 5.5 The increase in income in 2020/21 is mainly due to the construction and completion of 3 buildings on the IAMP site.
- 5.6 The costs mainly relate to capital financing costs including the repayment of previous interest free loans from the LEP's North East Investment Fund (NEIF). The increase in 'other financing costs' in 2020/21 relates to the payment to councils of capital financing cost that they are estimated to incur to finance the approved capital investment on their sites.
- 5.7 There is a £0.230m contribution in 2020/21 towards the cost of the Invest North East England Team (INEE). The standard annual budget contribution is £0.170m, which has been less in recent years due to savings in the INEE budget at the year end. The contribution in 2020/21 also includes £0.060m met from interest on the Enterprise Zone account.
- 5.8 In the event that the LEP Revenue Budget does require a contribution from the EZ account surplus, this will reduce the current balance on the EZ account – estimated to be £2.990m by the end of 2020/21.
- 5.9 More information will be reported in March and a detailed report on the projected lifetime surplus on the account, which is still estimated to be over £200.0m will be presented to the May Investment Board and the full Board.

6. Recommendations

6.1 The Board is requested to:

- i. Note the positive budget outturn position for 2019/20.
- ii. Agree the indicative budget for 2020/21, with an update on the 2020/21 Budget being reported to the Board in May along with a three-year estimate.
- iii. Note the estimated end of year position of the Enterprise Zone account.

Leadership Board

Appendix 3 – Invest North East England Forecast 2019-20 and Budget 2020-21

	2019-20 Original Budget	2019-20 Forecast	Variance	2020-21 Original Budget
Expenditure	£	£	£	£
Salaries	160,000	162,000	2,000	166,000
Staff training	2,000	0	(2,000)	2,000
Travel and subsistence (include international travel)	10,000	5,000	(5,000)	9,000
Web, telecoms, computers	10,000	10,000	0	8,000
Marketing/Comms/Events	100,000	100,000	0	100,000
Membership Fees (e.g. Sector bodies)	3,000	5,000	2,000	3,000
Visit hospitality costs	10,000	8,000	(2,000)	7,000
Professional consultancy	20,000	10,000	(10,000)	20,000
Lead generation/representation (London)	110,000	90,000	(20,000)	110,000
Research resource licenses	25,000	20,000	(5,000)	25,000
Propositions refresh	10,000	15,000	5,000	10,000
Total	460,000	425,000	(35,000)	460,000
Income				
Budget source				
Local Authorities @ £20k per authority	(140,000)	(140,000)	0	(140,000)
Private Sector (contributions to events)	(10,000)	(6,500)	3,500	(10,000)
North East LEP	(310,000)	(278,500)	31,500	(310,000)
Total	(460,000)	(425,000)	35,000	(460,000)

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