

Cabinet

Tuesday, 30 January 2024 at 2.00 pm

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

This meeting will also be streamed live on YouTube.

<https://www.youtube.com/live/GjWzVY5L6cs?si=6HldYwjQL70CznUv>

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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 submitted to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

Note: Members of Cabinet have been granted dispensations so that they may participate in decisions which relate to the constituent authority which appointed them.

3. **Any announcements from the Mayor and/or the Chief Executive**

4. **Minutes of the Previous Meeting**

1 – 6

5. **NTCA Investment Fund Update and Funding Approvals**

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

6. **NTCA Q3 Budget Monitor Report**

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

7. **North East Mayoral Combined Authority 2025-2029 - Draft Corporate Plan, Draft Budget and Medium-Term Financial Plan Proposals**

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. **North East Local Enterprise Partnership Project Funding Decisions Update** **7 - 10**

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

Tuesday, 12 March 2024 at 2pm.

10. **Exclusion of Press and Public**

Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.

11. **North East Local Enterprise Partnership Project Funding Decisions Update - Appendix A** **11 - 12**

12. **North East Local Enterprise Partnership (LEP) Transition**

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

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Newcastle
City Council



North Tyneside Council

Northumberland
County Council

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Cabinet

28 November 2023

(2.03 - 2.45 pm)

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

This meeting was also streamed live on YouTube.

Minutes

Present:

Chair: Mayor J Driscoll

Councillors A Hay, C Johnson, K Kilgour, G Renner-Thompson and G Sanderson and Ms L Winkell

42 APOLOGIES FOR ABSENCE

Apologies for absence were received from Dame Mayor Redfearn and Councillors N Kemp and R Wearmouth.

43 DECLARATIONS OF INTEREST

There were no declarations of interest.

44 ANY ANNOUNCEMENTS FROM THE MAYOR AND/OR THE CHIEF EXECUTIVE

There were no announcements.

45 MINUTES OF THE PREVIOUS MEETING HELD ON 26 SEPTEMBER 2023

The minutes of the previous meeting held on 26 September 2023 were approved as a correct record and signed by the Chair.

46 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 7 NOVEMBER 2023

The minutes of the extraordinary meeting held on 7 November 2023 were approved as a correct record and signed by the Chair.

47 **DEVOLVED ADULT EDUCATION BUDGET ANNUAL UPDATE**

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

The Cabinet considered the report which provided an update on the performance of the Adult Education Budget (AEB) in the academic year 2022-23 and sought endorsement of the North of Tyne Combined Authority's (NTCA's) approach to managing AEB in the academic year 2023-24. The report was introduced by Councillor K Kilgour, the Cabinet member for education, inclusion and skills.

The Cabinet welcomed the report and the adult education opportunities that had been created for the NTCA residents. Members commented on the importance of this work and welcomed the priorities for the forthcoming academic year. Thanks were offered to everyone involved in this work.

RESOLVED – That:

- i. the performance of the devolved Adult Education Budget in the Academic Year 2022-23 be noted; and
- ii. the approach to managing the devolved Adult Education Budget in Academic Year 2023-24 be endorsed.

48 **SKILLS BOOTCAMPS**

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

The Cabinet considered the report which provided an update on the performance of Skills Bootcamps and a proposal to the Department for Education (DfE) regarding the delivery of Skills Bootcamps in the financial year 2024-25; and sought endorsement for the North of Tyne Combined Authority's (NTCA's) approach to managing Skills Bootcamps for the remainder of the financial year 2023-24. The report was introduced by Councillor K Kilgour, the Cabinet member for education, inclusion and skills.

The Cabinet welcomed the report. Thanks were offered to everyone who was involved in this work.

It was noted that all achievements to date were made possible through working in partnerships, including with the North East Local Enterprise Partnership (NE LEP).

Amongst other matter noted during the ensuing discussion were the following:

- the importance of this work;
- the importance of tackling inequality;
- the value of working in meaningful partnerships, and the outcomes achieved as a result;
- the high value for money achieved;
- the importance of benchmarking;

- the importance of learning lessons from other local authorities, especially from those that had started similar work earlier;
- the close relationship between NTCA and DfE; and
- positive feedback that had been received from DfE.

RESOLVED – That:

- i. the performance of NTCA funded Skills Bootcamps to date be noted; and
- ii. the approach to managing Skills Bootcamps for the remainder of the financial year 2023-24 be endorsed.

49 **INVESTMENT FUND AND FUNDING APPROVALS UPDATE**

Submitted: A report of the Head of Strategy and Innovation (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which provided an update on progress with the North of Tyne Investment and UK Shared Prosperity Fund (UKSPF) programmes and sought further funding approvals for the delivery on previously agreed strategic priorities. The report was introduced by Councillor C Johnson, the Cabinet member for investment and resources.

The Cabinet welcomed the report and the achievements to date, which had a substantial, positive impact on the region. The new Northumberland Line was highlighted as one of the most successful examples of this work.

Thanks were put on record to all those involved in this area of work, especially for achieving progress despite the challenging timetables.

RESOLVED – That:

- i. The progress to date on the Investment Fund and UKSPF programmes, achievement of key milestones and ongoing project development work, particularly in respect of the creation of new jobs for residents as a direct result of the NTCA investments be noted; and
- ii. the Cabinet noted that the Chief Executive would make final approvals and associated decisions relating to implementation, in accordance with existing delegations, for the £3.5m of project funding described in the report, using Investment Fund and UKSPF resources.

50 **NTCA Q2 2023-24 BUDGET MONITOR REPORT**

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

The Cabinet considered the second quarter financial monitoring report. The report was introduced by J Gillespie, the Director of Finance.

RESOLVED – That the 2023/24 forecast budget monitor position for the Combined Authority as set out in Section 2 thought to Section 11 of the report, and the Treasury Management Mid-year Review set out at Appendix A of the report, be noted.

51 **NORTH EAST MAYORAL COMBINED AUTHORITY 2025-2029 INITIAL DRAFT BUDGET AND MEDIUM TERM FINANCIAL PLAN PROPOSALS**

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

The Cabinet considered the report which proposed, and sought approval for, a single corporate plan and budget that were necessary for the commencement of the incoming North East Mayoral Combined Authority (NEMCA). The report was introduced by J Gillespie, the Director of Finance.

It was noted that approval for the proposed budget and corporate plan was sought from the North of Tyne Combined Authority (NTCA), North East Combined Authority (NECA) and Joint Transport Committee (JTC), so that a consultation process can commence.

Amongst the comments made by the Cabinet members and points clarified by officers during the ensuing discussion were the following:

- the timescales involved in preparing the proposed budget and the challenges associated with them, the consultation process with the constituent partners that had been held to date; assurances about further consultation process to take place; and the importance of a degree of flexibility as part of the process to set up a corporate plan and budget for the incoming combined authority;
- the consultation undertaken to date on the new devolution deal and the importance of a continued, effective, timely and comprehensive consultation with the constituent bodies on the related proposals; and confirmation that engagement would continue with all partners;
- the positive working relationships between the NE LEP and chief officers of NTCA;
- the importance of devising an effective process, as part of NEMCA, for an effective, time appropriate and all-encompassing consultation process with all constituent partners on various key matters, including corporate plans and budget proposals;
- the forthcoming opportunity for the Overview and Scrutiny Committees of NECA and NTCA to scrutinise the proposals and the consultation;
- the challenges that were associated with consulting and engaging with the public, particularly within the context of public's understanding of the combined authority's role and functions;

- the composition of the Cost of Capital element of the proposals, which was mostly associated with the Tyne Tunnels' costs of NECA;
- the clarification of the position regarding the constituent local authorities' contributions to the Transport North East (TNE), and the proposals to keep these static initially;
- the clarification on how TNE was generally funded;
- the process for agreeing the Transport levies;
- the healthy financial position of NTCA, including the lack of debt, and its readiness for the handover;
- the inclusion of NE LEP's valuable assets and reserves in the proposed budget for NEMCA; and
- the next steps of the consultation on the proposals.

RESOLVED – That:

- i. Agreement be given to the draft NEMCA Corporate Budget for 2024/25 as set out in section 3 of the report, which would then be subject to consultation with the Overview and Scrutiny Committee.
- ii. Agreement be given to the overarching delivery budgets as set out in section 4 of the report, which would then be subject to consultation with the Overview and Scrutiny Committee.
- iii. The Cabinet noted that the Transport levies would be agreed by the North East Joint Transport Committee on the 16 January 2024 and issued by the Combined Authorities preceding the commencement of the financial year in respect of which they were to be issued, in line with the Transport Levying Bodies Regulations.
- iv. The reserves position as set out in section 5 of the report be noted, which would be kept under review while consideration of NEMCA developments and additional information became available about the financial risks facing the authority and the proposed arrangements for managing those risks.

52 DATE AND TIME OF THE NEXT MEETING

Tuesday, 30 January 2024, at 2pm.

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

Report Summary

The purpose of this report is to update the Cabinet on the work and decisions of the North East Local Enterprise Partnership (North East LEP). Since the North of Tyne Combined Authority Cabinet meeting held on the 26 September 2023 there have been a small number of project funding decisions related to the investment programmes managed by the North East LEP, for which NTCA is the accountable body. This report provides summary information about the Local Growth Fund (LGF), Getting Building Fund (GBF), Enterprise Zone (EZ), Project Development Accelerator Fund (PDAF) and North East Investment Fund (NEIF) programmes.

Recommendations

Cabinet is recommended to:

1. Note the report which provides information on the work and funding decisions of the North East Local Enterprise Partnership (North East LEP) since the previous update on 26 September 2023.

A Context

1. Background Information

- 1.1 The report provides an update on the North East LEP project funding decisions made since the 26 September 2023. The North East LEP manages a range of funding programmes including the Local Growth Funding (LGF), the Getting Building Fund (GBF), the North East Investment Fund (NEIF), the Enterprise Zone (EZ) programme and the Project Development Accelerator Fund (PDAF).
- 1.2 Project funding decisions are made in line with the North East LEP Constitution and Scheme of Delegation which sets out how decisions can be made through the North East LEP Board, the Investment Board or through the delegated decision process.
- 1.3 The North of Tyne Combined Authority (NTCA), as the North East LEP accountable body, is the legal entity which issues the grant and loan agreements to project applicants and as such must satisfy itself of the legal and financial probity of any decisions it implements on behalf of the North East LEP. This means that the North East LEP project funding decisions also need to be authorised through NTCA decision-making for legal and financial probity reasons, rather than endorsing the actual in principle decision of the North East LEP.

2. Funding Decisions

- 2.1 The North East LEP approved the following funding decisions at its two meetings since the last update:
 1. A grant award of up to £71,816 from the Enterprise Zone (EZ) programme towards Newcastle International Airport's Air Cargo Project.
 2. A grant award of up to £20,000 from the Enterprise Zone (EZ) programme towards preparatory work and site investigations to support a Development Agreement on the Newcastle International Airport Plot A EZ site.

3. A First Stage Approval of a Commercial Property Investment Fund (CPIF) loan facility of £5,983,517 to Almscliffe Properties Ltd (APL) which at 79% of cost, is an exception to the 70% ratio that is set out in the Investment Fund Guidance. This is subject to detailed due diligence and credit checks being completed by the Fund Manager FW Capital.
4. In relation to an adjustments to the terms of an existing loan to Solar Capture Ltd, it was agreed that the Head of Paid Service be asked to give delegate authority to the North East LEP CEO to agree revised terms and conditions to the loan, relating to security, repayment schedule and interest rate in consultation with the North of Tyne Combined Authority, as the accountable body with the chief legal and finance officers.
5. A variation to an existing Getting Building Fund (GBF) grant to Project Genesis Ltd, County Durham on the Bessemer Court industrial unit scheme, reducing the number of industrial units to five, with completion by April 2024. An independent appraisal of the latest project costs to also be undertaken to confirm that the previously approved grant award of £448,265 can continue to be supported or otherwise appropriately reduced.
6. An allocation of £35,000 to fund a first phase study to help inform and shape a successor to the North East Access to Finance Fund to North East Access to Finance Ltd.
7. A budget allocation to the Port of Tyne Authority for the Tyne Dock EZ site phase 3 infrastructure works at an estimated cost of £13.03m, with a LEP contribution of £6.5m comprising £3.2m as EZ loan finance and £3.3m as a grant from the accumulated Enterprise Zone surplus.
8. A revised loan agreement for Solar Capture Technology, to include a potential additional advance of up to £450,000 at an interest rate of 15% as part of a working capital facility of c £850,000, working in partnership with local Fund Managers; and for details of the revised terms to be finalised under delegation to the CEO in consultation with the Chief Finance Officer and the Chief Legal officer of the North of Tyne Combined Authority.

2.2 The Board also made other decisions which are set out in appendix A, which are exempt from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information).

3. Funding approvals reported under the LEP scheme of delegation between September and December 2023

Challenge North Tyne Innovation Programme			
Applicant	Grant amount	Date of decision	Decision maker
Circadian Lighting	£20,000	14/08/2023	Chief Executive
Virtual Reality Care Works	£20,000	14/08/2023	Chief Executive
Fuzzy Logic	£9,560	14/08/2023	Chief Executive
Willo (Wobblefit)	£5,040	14/08/2023	Chief Executive
SmartCarbon	£20,000	14/08/2023	Chief Executive
Dragonfly Insulation	£8,000	14/08/2023	Chief Executive
Mobie	£5,733	14/08/2023	Chief Executive

B. Potential Impact on Objectives

- 2.1 The decisions support the vision and objectives of the North East LEP Strategic Economic Plan 2014- 2024 and the North East LEP Annual Delivery Plan 2023-2024.

C. Key Risks

- 3.1 The North East LEP is managing financial, regulatory and reputational risks at both project level and programme level. Individual project level risks are assessed prior to funding approval as part of the project appraisal process and in accordance with the North East LEP Assurance Framework.
- 3.2 NTCA's finance and legal officers consider all related grant and loan funding agreements including subsidy control matters to ensure legal and financial probity prior decisions being taken.

D. Financial and Other Resources Implications

- 4.1 The Section 73 Officer is consulted on all funding decisions going through the NTCA decision-making process to ensure financial probity and whether the budget provision is available.

E. Legal Implications

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

F. Equalities Implications

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

G. Inclusive Economy Implications

- 7.1 The North East LEP follows the policies set out in its North East Strategic Economic Plan (SEP) that promote sustainable economic growth across the region. The core objective of the North East SEP is to support the creation of 100,000 'more and better' jobs in the region by 2024.
- 7.2 Projects consider the impact on inclusive growth in the North East.

H. Climate Change Implications

- 8.1 A number of projects / mini programmes supported by the North East LEP funding programmes are specifically supporting efforts to achieve Net Zero goals and to mitigate against climate change.

I. Consultation and Engagement

- 9.1 Proposals have been developed through the North East LEP Board and Investment Board processes.

J. Appendices

Appendix A: The North East LEP approved funding decisions at its two meetings since the last update.

The appendix is not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, information relating to the financial or business affairs of any particular person (including the authority holding that information).

K. Background Papers

Funding Update Reports to the North East LEP Board meetings in September and November 2023.

L. Contact Officers

- 12.1 Helen Golightly OBE
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M. Glossary

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

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

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