

## Cabinet

Tuesday, 12 March 2024 at 2.00 pm

Meeting to be held: Northumberland County Council, County Hall, Morpeth, NE61 2EF. This meeting will also be streamed live on YouTube.

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## AGENDA

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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. ***Delivering Devolution Together* North of Tyne Combined Authority Final Report** 7 - 20
6. **Equalities Assemblies and Objectives** 21 - 46
7. **Devolved Adult Education Budget mid-year update** 47 - 64

8. **Skills Bootcamps Update** **65 - 76**
9. **2022-23 Statement of Accounts** **77 - 240**
10. **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
11. **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.
12. **Confidential Minutes of the Previous Meeting** **241 - 242**

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## **Cabinet**

30 January 2024

(2.05 - 2.30 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 C Johnson, K Kilgour, G Sanderson, R Wearmouth, Dame Mayor N Redfearn and Ms L Winskell

Also present: Ms L Goodwin, Mayoral Ambassador for the Voluntary, Community and Social Enterprise sector

### **53 APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor N Kemp.

### **54 DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **55 ANY ANNOUNCEMENTS FROM THE MAYOR AND/OR THE CHIEF EXECUTIVE**

The Mayor spoke about the good understanding of the financial pressures on residents and councils of the North of Tyne, and confirmed that he had not proposed to add the Mayoral Precept onto the council tax, continuing the approach of the previous years as well as taking this position into the first year of the incoming North East Mayoral Combined Authority.

The Mayor also spoke about the importance of continuing to lobby the government for adequate funding for local authorities in the North East.

### **56 MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 28 November 2023 were approved as a correct record and signed by the Chair.

## 57 **NTCA INVESTMENT FUND UPDATE AND FUNDING APPROVALS**

Submitted: A report of 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 Fund, Brownfield Housing Fund and UK Shared Prosperity Fund programmes, set out information on the work undertaken to co-design the North East Investment Zone and sought associated approvals.

The report was introduced by Councillor C Johnson, Cabinet Member for Investment and Resources.

The Cabinet welcomed the report. Thanks were offered to all teams involved in this work.

The combined authority was thanked for the consideration it gave to small organisations within the Voluntary, Community and Social Enterprise Sector.

**RESOLVED** – That the Cabinet:

- i. Noted progress to date on the Investment Fund, UK Shared Prosperity Fund (UKSPF) and Brownfield Housing Fund (BHF) programmes, achievement of key milestones and ongoing project development work, particularly in respect of new job creation for residents as a direct result of the NTCA investments.
- ii. Noted that the NTCA would act as accountable body for a programme of capital investment in regeneration projects secured as a part of devolution negotiations. The first three projects had now been agreed by the Chief Executive.
- iii. Noted that the Chief Executive would make final approvals and associated decisions relating to implementation, in accordance with existing delegations, for the £27.8m of project funding described in the report, using Investment Fund, UKSPF, Brownfield Housing and NEMCA devolution resources.
- iv. Noted the advanced stage of development achieved in relation to the North East Investment Zone proposition and delegated approval to the Chief Finance Officer and Chief Executive for the submission of final documentation to Government.
- v. Agreed that the North of Tyne Combined Authority should act as accountable body for the North East Investment Zone, once it was established in April 2024.
- vi. Noted that Northumberland County Council, Sunderland City Council and South Tyneside Council Cabinets would be asked to approve proposals around Investment Zone business rate retention sites.

- vii. Noted the proposals in the report around business rates retention and delegated authority to the Chief Finance Officer, in consultation with the Monitoring Officer, to prepare and complete an agreement with Northumberland County Council, Sunderland City Council and South Tyneside Council to operationalise the Investment Zone Business Rates Reinvestment Strategy.

**58 NTCA Q3 BUDGET MONITOR REPORT**

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

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

**RESOLVED** – That the Cabinet:

- i. Noted the 2023/24 forecast budget monitoring position for the Combined Authority as set out in Section 2 Corporate Budget, Section 4 Investment Fund (including capital spend), Section 5 Creative Growth Programme, Section 6 UK Social Prosperity Fund (UKSPF), including Multiply and Rural England Prosperity Fund, Section 7 Brownfield Housing Fund, Section 8 Adult Education Budget (AEB), Section 9 and 10 Bootcamps Wave 3 and 4 and Section 12 Reserves position.
- ii. Approved the issuing of “in-year growth” awards totalling £1.366m for further AEB provision during the Academic Year 2023-24 as set out in paragraph 8.7 of the report.
- iii. Approved the issue of “letters of comfort” to identified Grant Providers setting out their indicative funding allocations for delivery of the devolved AEB from 1st August 2024. The letters of comfort would precede the issue of Grant Agreements to these providers once NEMCA was established as set out in section 11 of the report.
- iv. Approved the issue of Flexible Adult Skills Framework Agreements to the organisations who submitted a successful tender to the procurement of the Framework in November 2023 as set out in section 11 of the report.
- v. Authorised the Chief Executive, in consultation with the Chief Finance Officer and portfolio holder for Education, Inclusion and Skills, to approve any subsequent grant agreements and /or call-off contracts procured from the Flexible Adult Skills Framework for the delivery of skills programmes from 1st April 2024 as set out in section 11 of the report.

**59 NORTH EAST MAYORAL COMBINED AUTHORITY 2025-2029 - DRAFT CORPORATE PLAN, DRAFT BUDGET AND MEDIUM-TERM FINANCIAL PLAN PROPOSALS**

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

The Cabinet considered the report which set out, and sought approval for, the North East Mayoral Combined Authority 2025-2029 Draft Corporate Plan, Draft Budget and Medium-Term Financial Plan Proposals. The report was introduced by J Gillespie, Director of Finance.

**RESOLVED** – That the Cabinet:

- i. Agreed the draft NEMCA Corporate Budget for 2024/25 as set out in section 3 of the report.
- ii. Agreed the overarching delivery budgets as set out in section 4 of the report.
- iii. Noted the Transport levies were agreed by the North East Joint Transport Committee on the 16 January 2024 and would be issued by the Combined Authorities preceding the commencement of the financial year in respect of which they are to be issued, in line with the Transport Levying Bodies Regulations
- iv. Noted the reserves position as set out in section 11 of the report, 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.
- v. Noted that no comments or recommendations had been made by the Overview and Scrutiny Committees as set out in section I of the report.

60 **NORTH EAST LOCAL ENTERPRISE PARTNERSHIP PROJECT FUNDING DECISIONS UPDATE**

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

The Cabinet considered the update report. The report was introduced by J Gillespie, Director of Finance.

**RESOLVED** – That the Cabinet noted the report which provided 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.

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

Tuesday, 12 March 2024 at 2pm.

62 **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – That by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public were excluded for the remainder of the meeting for the duration of consideration of agenda items 11 (North East Local Enterprise Partnership Project Funding Decisions Update - Appendix A) and 12 (North East Local Enterprise Partnership (LEP) Transition), because exempt

information was likely to be disclosed and the public interest test against disclosure was satisfied.

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**Title:** *Delivering Devolution Together* North of Tyne Combined Authority Annual Report  
**Report of:** Chief Executive  
**Portfolio:** All

### Report Summary

Each year at this point the NTCA produces an Annual Report to set out the Authority's achievements and the work of the Mayor and Cabinet over the past year. This year will be the final Annual Report of the NTCA and as such will reflect the lifetime of the Authority. The *Delivering Devolution Together* report includes information on how NTCA is delivering its Vision through its portfolios of work and cross-cutting themes.

In addition, there are also annual updates from the Inclusive Economy Board, the Housing and Land Board and the Voluntary, Community and Social Enterprise Group.

The report emphasises the collaborative nature of NTCA's programme – reflecting on strong delivery partnerships and the cross-party political leadership that has consistently underpinned this.

### Recommendations

Cabinet is recommended to endorse *Delivering Devolution Together* and note the work and support of the Inclusive Economy Board, the Housing and Land Board and the Voluntary, Community and Social Enterprise Group.

#### A. Context

##### 1. Delivering Devolution Together

- 1.1 *Working Together: Our Corporate Plan 2023-24* set out the North of Tyne vision which 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.
- 1.2 This is the fourth and final annual report of NTCA and is presented to Cabinet to record the work of NTCA in:
  - creating more inclusive and vibrant communities through investment, engagement and co-designed projects;
  - accelerating the delivery of new homes, regenerating our places and maximising the opportunity of new infrastructure investment;
  - building our capacity to innovate and create future jobs, through major investment in our transition to clean growth, green jobs and a modern digitally connected economy;
  - delivering year-round events, tourism and innovation activities which create jobs, support sector growth and boost economic potential of our creative, events, tourism and rural industries;
  - expanding opportunities through skills, education and inclusion through our devolved adult education budget, new inclusion, education and employment and skills programmes.
  - building a truly inclusive region where children and young people have equal opportunities to realise their potential and thrive
- 1.3 An annual report is published in March each year and is designed to enable residents to see at a glance the impact of NTCA; a signpost to the more in-depth information that is available on the website through our press releases or cabinet reports.

- 1.4 Stories have been chosen to show the range and impact of NTCA, examples are:
- inclusive training for young people in the creative and film industries, with the Making Creativity Works course covering an introduction to video and editing, storyboarding and working together as a production team before progressing on to specialist skills training and career advice;
  - supporting schools to tackle poverty by funding new advisors in offering families welfare advice. The support of these advisors is a lifeline for families and is potentially life changing for children;
  - Verisure Global Security, with NTCA Inward Investment support, established a base in North Tyneside and have rapidly expanded, twice as fast as expected, creating 639 jobs
- 1.5 Other stories demonstrate the different types of investment from the North of Tyne Growth Fund, including support for Cramlington based Growth Merit Holdings to continue their growth and expand further, creating over 200 new jobs and NTCA's £10m digital sector investment in six programmes across the North of Tyne area for small and medium sized business. There is also information on past events, including a film and media festival in Berwick, the celebration of 1900 years of Hadrian's Wall, the 'illuminated sheep' experience and the North Sea Weekender festival, all of which attracted 1.8m visitors to the region.
- 1.6 The report demonstrates that NTCA adds value through strong collaboration with its local authority partners, universities, businesses and the voluntary and community sector, one example of which is the support for digital inclusion during the Covid-19 pandemic; the scheme not only delivered equipment to children to continue schoolwork from home but also included people who had lost their jobs and needed the internet to find work, and people in care homes staying in touch with their loved ones.
- 1.7 Further information on what we've achieved is included on the final page of the report, showcasing quickly and succinctly other work and successes of NTCA with statistics and information to demonstrate the impact of Devolution and the North of Tyne Combined Authority.

## **2. Working in partnership**

- 2.1 NTCA works collaboratively and in partnership with many organisations across the region. It has two advisory bodies, the Inclusive Economy Board and the Housing and Land Board with cabinet members and our partners as members. NTCA also has a Mayoral Ambassador for the Voluntary, Community and Social Enterprise (VCSE) sector who Chairs a VCSE stakeholder group.
- 2.2 The work of these Boards and group is an important part of how NTCA listened to and served the people of the region and their annual updates are provided as appendices to this report.

## **B. Impact on NTCA Objectives**

1. The Final Report is a reflective document which show how the NTCA has worked to reflect and be consistent with the priorities set out by the Mayor and Cabinet.

## **C. Key risks**

1. There are no specific risks relating to the recommendations in this report.

## **D. Financial and other resources implications**

1. There are no financial implications arising directly from this report.

## **E. Legal implications**

1. There are no direct implications arising directly from this report

## **F. Equalities implications**

1. NTCA is mindful of its duty under the Public Sector Equality Duty and through its work will continue to promote policies and decision making which eliminates discrimination, harassment and

victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. NTCA set its Equalities Objectives at the beginning of this municipal year, and these are considered in the context of its work.

## **G. Inclusive Economy and Wellbeing implications**

1. There are no direct inclusive economy implications arising in the report itself, however as a reflective document it showcases NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability. NTCA has established a Wellbeing Framework which has ten social, economic, environmental, and democratic outcomes to improve the wellbeing of everyone living in the North of Tyne and these ambitions are reflected in the report.

## **H. Climate Change implications**

1. The North of Tyne Combined Authority and all three constituent Local Authorities have declared a Climate Emergency; the impact of the NTCA's decisions on climate is taken into account and its work in this area is reflected in the Annual Report.

## **I. Consultation and engagement**

1. The Mayor, Cabinet and the whole NTCA team have been involved in the formulation of the Final Report. The NTCA is a collaborative and supportive team and this report and the Corporate Plan are aligned with the internal work programme, targets and spend so each team can see how their individual effort contributes to the whole.

## **J. Appendices**

Appendix 1 *Delivering Devolution Together* Final Report of NTCA (to follow)  
Appendix 1a Inclusive Economy Board update  
Appendix 1b Housing and Land Board update  
Appendix 1c VCSE Stakeholder Engagement Group

## **K. Background papers**

[Working Together: NTCA Corporate Plan](#)

## **L. Contact officer(s)**

Stuart Tarbuck, Head of Communications, Engagement and Organisational Development  
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## **M. Glossary**

NTCA North of Tyne Combined Authority  
VCSE Voluntary, Community and Social Enterprise Group

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**Inclusive Economy Board  
Annual Report 2023/24**

**1. Purpose**

The purpose of this briefing is to provide an update for the Annual Report 2023/24 on the work of the Inclusive Economy Board, outlining the achievements and progress from the past twelve months.

*“2023 has been another important year for NTCA’s Inclusive Economy Board. My thanks to members and the Chair for helping us to shape and deliver a programme of work focussed on creating an inclusive economy that everyone can contribute to and benefit from”.*

Cllr Karen Kilgour  
Cabinet Member for Education, Inclusion and Skills  
Vice Chair of the Inclusive Economy Board.

**2. Background**

NTCA’s Inclusive Economy Board is a unique feature of our Devolution Deal: independently chaired it is multi-sector and cross-area. The Inclusive Economy Board encourages NTCA to think creatively about the widest implication of a more inclusive economy – whether through digital inclusion, rural opportunities and access or wellbeing. This is underpinned by an ongoing commitment to understand and respond to some of the widening inequalities experienced by residents across the North of Tyne geography.

We continue to be grateful to serving members from across business, civil society, education, academia and Government Departments including the Department of Work and Pensions (DWP), the Department for Education (DfE) and the Department for Levelling Up, Communities and Housing (DLUCH).

**3. Achievements**

The Inclusive Economy Board met four times during this period focussing their efforts on key areas of work including Child Poverty Prevention, Poverty Truth Commission and the Wellbeing Framework. The Board also had the opportunity to explore and discuss the emerging evidence base to support the identification of early priorities and decision making ahead of further devolution.

The North East Devolution Deal includes a commitment to build on the work of the current Inclusive Economy Board. The insights and reflections of current Board members are essential to shaping what comes next. Baroness Tanni Grey-Thompson, Chair of the Board, facilitated two online discussion groups to draw out learning from members. A summary of these discussions is detailed below.

- The Board has helped the inclusive economy conversation take hold effectively and with great depth. What started as a marginal agenda is now driving the ambitions of partners across the region.

- The Board represents true independence within the system. The independent Chair sets a positive and inclusive tone. Contributions from members are equally invited and valued. There is a shared responsibility for driving an inclusive economy.
- The Board has been bold and ambitious. It has instigated some key inclusive economy interventions that cut across multiple portfolio briefs. It has done this on the front foot and with real credibility. The progress achieved by the Board has been a real success story and bodes well for what might come next.
- The inclusive economy agenda should be at the forefront of NEMCA's ambition. It should be a cross-cutting theme that runs through all strategies.

#### **4. Next Steps**

We are currently exploring options for a final Board meeting in March 2024. This would provide an opportunity to update members on emerging NEMCA plans as well as thanking them for their commitment and contribution to date.

## Housing and Land Board Annual Report 2023/24

### 1. Purpose

The purpose of this briefing is to provide an update for the Annual Report 2023/24 on the work of the Housing and Land Board, outlining the achievements and progress from the past twelve months.

### 2. Background

The remit of the Housing and Land Board is to oversee a strategic approach to the delivery of more and better homes across the North of Tyne from a baseline of 1,800 net new homes a year to 3,000 net new homes a year by 2032. The Board does this by acting as a strategic and advisory sounding board that works for the North of Tyne Combined Authority (NTCA) collaboratively with our partners to oversee an integrated housing pipeline, and to advance work on place-based policy and delivery.

Membership of the Board is drawn from the Local Authorities, the Combined Authority and Homes England as well as a wide cross-section of the housing sector, including – but not limited to - registered providers, private developers, institutional investors, and organisations representing residential landlords.

The Board is led by Dame Mayor Norma Redfearn, portfolio holder for housing and land at the NTCA, with strategic input from the wider NTCA Cabinet. We are fortunate that Duncan Sutherland, Vice Chair of Homes England, assists with the drive and focus of the Board thus helping to cement a strong working relationship with Homes England.

The work of the Board has helped inform the Housing and Land priorities in the new devolution deal and provides a strong platform to develop this portfolio of work to continue to benefit our communities.

### 3. Achievements

Over the past year, the Board has maintained a consistent focus on matters relating to:

- Housing policy and research
- Brownfield Housing Fund
- Partnership working with Homes England including North East Strategic Place Partnership development
- Strategic economic corridors – Northumberland Line and the River Tyne, and, place based interventions in our High Streets and strategic housing sites such as Forth Yards and emerging North East Investment Zone.
- Early North East Mayoral Combined Authority (NEMCA) regeneration capital funding
- North East Housing Partnership Prospectus

The following paragraphs outline this in further detail.

### **3.1. Policy and research focus**

In terms of housing policy and research, the Board has taken a strong interest in a number of areas over the last year including, community led housing, housing retrofit and national planning policy.

Community Led Housing – The Community Led Housing Task Group have worked with NTCA to commission Communities CAN, who are the umbrella organisation in the North East for Community Led Housing, to explore new models of delivery and to develop a pipeline of schemes. Communities CAN continue to support organisations with technical and capacity expertise who are interested in this housing delivery model. The New Economics Foundation have also been commissioned to undertake some further research to scope and define what community housing is and identify the scale of opportunity across the North of Tyne Combined Authority area.

Energy Retrofit – To develop investible retrofit propositions, The Energy Savings Trust were appointed to work with Local Authorities, Registered Providers and Communities to identify priority projects and undertake technical work. Following the development of the business model, a One Stop Shop energy efficiency programme has been designed, procured and launched. Partners continue to support retrofit as a key priority across the North East Housing Partnership, recognising the scale of investment and support required and need to maximise procurement and skills requirements needed.

National Policy Planning Framework – considered a range of guidance and statements published in December 2023 that look to update the framework and introduce a new system. Implications were considered for the public and private sector in terms of requirements to update Local Plans, capacity and impact on housing delivery and pressures on housing delivery targets.

### **3.2. Brownfield Housing Fund and delivery**

The Board has taken a keen interest in the delivery of the £31.8 million North of Tyne Brownfield Housing Fund (BHF). A pipeline sites have been invited to progress to full business case and the following sites have been considered by Investment Panel: Newbiggin Hall, Scotswood The Rise Phase 2, North Shields Masterplan Area, Commissioners Quay, Bellingham Mart, Scotswood The Rise Phases 3, 5 and 5A, Moorside, Ellington Colliery Phases 3 & 4, The Esplanade, Lyndon Walk, Walker Riverside and Hadston Industrial Estate. These sites will unlock more than 2,000 homes.

As part of the NEMCA Devolution Deal an additional £17.4million Brownfield Housing Fund was secured to unlock over 1,100 homes on brownfield land in those local authority areas to the south of the Tyne: Durham, Gateshead, South Tyneside and Sunderland. A pipeline of sites has been agreed and business cases are being developed. These schemes are being progressed alongside the North of Tyne Brownfield Housing Fund and its pipeline of sites. Combined, the north and south of Tyne Brownfield Housing Fund totals £49.2 million with a commitment to unlock over 3,100 homes by March 2026.

The Board has helped to shape the development of the programme in the North of Tyne by providing their expertise and support which will help the Combined Authority successfully deliver the Brownfield Housing Fund. An evaluation of the programme continues to consider the impact, learning in terms of processes and considers how the funding is specifically being used to address viability challenges and contributing to the delivery of affordable housing and net zero objectives. The scope of this will be widened to cover the wider NEMCA geography.



### **3.3. Partnership Working with Homes England and North East Strategic Place Partnership development**

Through our Memorandum of Understanding we continue to work closely with Homes England and our Local Authority partners to develop a joint pipeline of housing sites and to identify what investment is required to unlock their development. Both organisations have supported schemes through market assessments, infrastructure plans, design and site investigation work for key schemes.

This work has developed further in 2023 to expand across the wider NEMCA region, working with the four Local Authorities to the south of the Tyne, Durham, Gateshead, South Tyneside and Sunderland. A pipeline is being developed and prepared to underpin the proposed North East Strategic Place Partnership, a commitment within the NEMCA Devolution Deal, that will see NEMCA and Homes England enter into a formal partnership to drive forward the delivery of new homes and revitalise places. The SPP will be formalised through a MOU and underpinned by a Partnership Business Plan that sets out governance, delivery priorities and resources requirements.

In relation to Strategic Sites, we are working in partnership with Homes England, Newcastle Council and Network Rail to develop a common vision and drive forward regeneration for Forth Yards, in Newcastle. We are also working with Homes England to explore how we can support Newcastle University's ambitions for the Health Innovation Neighbourhood.

### **3.4. Economic Corridors**

The Northumberland Line Economic Corridor presents significant potential to unlock both economic and housing growth. The investment programme continues to be developed and delivered in line with the agreed Ten Point Plan. The Housing and Land Board were presented with an update on the Economic and Housing Growth Study that has been undertaken to consider land available to accommodate growth within the Northumberland Line Economic Corridor. To realise the full potential further investment, skills and viability issues would need to be considered.

The Tyne Taskforce and the Tyne Powered brand continue to provide cross-sector collaboration, partnership working with businesses, the Port of Tyne and our neighbouring authorities of Gateshead and South Tyneside, whilst supporting region-wide plans for economic recovery and connectivity. Over the last year the Taskforce has focused on addressing key barriers for investment on the Tyne including business cases to support investment in infrastructure. The Taskforce continues to consider what skills are needed to support the growth and to maximise investment to capitalise the offshore sector.

The Board have been updated on the development the North East Investment Zone that will cover the wider NEMCA region to support economic growth, targeted employment site investment and incentives.

### **3.5 High Streets**

The North of Tyne High Streets and Towns Innovation Programme, funded through the Investment Fund and UKSPF is to be completed by March 2025. Activity is underway in Wallsend, Ashington and the inner east of Newcastle. Significant consultation has taken place with businesses and residents to ensure that the investment in the high streets meet their needs. Support to businesses has been available in each area ranging from 1:1 tailored support, shop front improvement grants, grants to bring empty properties back into use and an innovative Green Street pilot in the inner east of Newcastle which

encourages businesses to look at all aspects of their trading to maximise their environmental impact.

Designs and spatial plans have been developed to improve the quality of place and connectivity. Schemes include improving linkages from the town centre to the new station in Ashington and between Wallsend Town Centre and the World Heritage Site, Segedunum. Delivery will continue in 2024/25.

All of the High Street schemes have embraced the following three pillars of the programme, strong strategic leadership, developing and testing new delivering models and looking at how the North of Tyne's funding can stimulate long term investment to bring about lasting change.

We have developed a strong partnership with Power to Change which will help embed social uses and investment across our High Streets Programme.

#### **4. NEMCA Development and Early NEMCA regeneration capital funding**

The Board have been kept updated as work continues to progress and prepare for additional devolution within the region and the creation of NEMCA. Discussion has focused on Housing and Land, along with the early priorities linked to releasing brownfield land that unlock housing development and capital resources to support regeneration.

This has included the development of a regeneration capital pipeline of projects across the full NEMCA region, working with Local Authorities and partners. Projects will be funded by £20m Capital Regeneration Funding, as negotiated as part of the North East Devolution Deal, as well as £14m of NEMCA Capital Investment Funding, totalling £34m. Decisions on the capital regeneration schemes are required to be made in advance of NEMCA being created, as Government has specified that the schemes funded through the Capital Regeneration Fund must deliver spend targets by March 2025. NTCA are acting as the accountable body to support programme delivery.

Due to this a call process was undertaken earlier in 2023 and all NEMCA Local Authorities were invited to submit an Expression of Interest for funding. A pipeline of 7 projects was developed which reflected initial priorities and were expedient to be delivered within the constraints and the terms of the funding available. Business cases have been developed, appraisals undertaken and cases for investment being present to Investment Panel January and February 2024. The investment will be used to drive place-based regeneration, contributing to growth and levelling up in the North East. The first approved three schemes will provide enabling infrastructure to realise ambitions at Gateshead Quays, NETPark in County Durham and Durham City Innovation District.

#### **5. North East Housing Partnership**

The NEHP brings together social housing providers from across the North East. The Board were invited to the launch of their new prospectus in November 2023 that articulates four challenges that region faces and that the partnership want to tackle collaboratively: Regeneration, development and placemaking; Net zero and sustainability; Employability and social inclusion; and Health, care and homelessness.

NEHP have a strong track record for delivery affordable homes and are keen to continue to support delivery across the North East, in partnership with the North of Tyne Combined Authority and planned NEMCA. The Board welcomed the importance for the region to have a full voice from all housing providers and the need for affordable housing to be at the forefront of housing plans for the region.

## **6. Next Steps**

Over the next year, it is proposed that as part of the transition to the North East Mayoral Combined Authority, the remit and function of the Housing and Land Board forms the foundation for a new terms of reference and a refreshed membership to reflect the new wider geography, broader scope and emerging priorities.

The Board will champion the emerging NEMCA Housing and Land Portfolio and will continue to focus on delivery that supports housing growth, regeneration, place making and economic growth. The Board's guidance and insight will remain important to support delivery, helping the work to progress smoothly, capitalise partnership working and drive ambition.

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**VCSE Stakeholder Engagement Group  
Annual Report 2023/24**

**1. Purpose**

The purpose of this briefing is to provide an update for the Annual Report 2023/24 on the work of the VCSE (voluntary, community and social enterprise) sector Stakeholder Engagement Group, outlining the achievements and progress from the past twelve months.

“The VCSE sector makes an invaluable contribution to the North of Tyne region as a significant delivery partner and employer. Our volunteer workforce alone contributes the equivalent of around £600m per year to the local economy in terms of their time. The ongoing work of the Stakeholder Group is critical at a time of rising pressure on the sector. We’ve been able to influence the delivery of funding programmes delivered by NTCA and we have seen some real progress in the way we’re working together and making best use of our collective strengths to support the economic and social wellbeing of our residents and communities.”

Lisa Goodwin MBE  
Mayoral Ambassador for the VCSE sector  
Chair of the VCSE Stakeholder Engagement Group.

**2. Background**

The VCSE Stakeholder Engagement Group was established in 2019 and formalised in 2020. It is chaired by the Mayoral Ambassador for the VCSE sector. The Group brings together Chief Executive Officers from the local infrastructure bodies for the voluntary sector, as well as Voluntary Organisations Network North East (VONNE) and Volunteer Centre Newcastle, working in partnership with lead officers from our three constituent authorities.

The group meets quarterly and aims to work together to build an inclusive economy, as set out in its Terms of Reference. Its work is underpinned by our VCSE Accord, approved by Delegated Decision in March 2020. The Group is passionate about bringing together people and opportunities to build thriving, vibrant communities. It does this by advising NTCA Cabinet on the wealth, wellbeing and social inequalities in North of Tyne communities. It provides specific expertise in co-design and co-production, helping to ensure the voices of all residents inform NTCA’s work and ambitions.

We continue to be grateful to all serving members.

**3. Achievements**

During this reporting period the group continued to focus their attention on three key areas - supporting the capacity of the VCSE sector to support our communities, developing the North of Tyne as an area of excellence in volunteering and ensuring the

VCSE sector can play a full role in shaping and delivering NTCA's UKSPF Investment Plan.

Members of the Stakeholder Engagement Group have also represented the VCSE sector in key decision-making and advisory forums including Cabinet and the Inclusive Economy Board.

Reflecting on the aims set out in the NTCA VCSE Accord, members of the group identified significant progress in terms of strengthening the relationship between NTCA and the VCSE sector.

- We have been able to develop a better understanding of the scale and economic contribution of the VCSE sector thanks to the data and intelligence shared by VCSE sector colleagues.
- NTCA is utilising the VCSE sector as a key delivery partner to extend the reach and impact of NTCA investments.
- Specific funding and contracts have been awarded to VCSE organisations to deliver targeted support to people and communities.
- VCSE sector input has enabled NTCA to design programmes that will have the greatest impact.
- NTCA has been able to co-deliver work in partnership with the VCSE sector.
- NTCA has played a key role in providing leadership and convening partners around joint challenges such as child poverty, digital inclusion and good work
- NTCA made an early commitment to our relationship with the VCSE sector by developing an Accord and appointing the Mayor's VCSE Ambassador. Senior NTCA staff have taken time to engage with VCSE sector orgs.
- Building relationships has taken time and has benefitted from informal, open and honest meetings and a commitment to collaboration.

#### **4. Next Steps**

Our VCSE sector plays a crucial role in supporting the wellbeing and prosperity of our communities and places both as a significant contributor to the economy and a provider of essential services. We know that the sector is facing significant challenges relating to increased costs, increasing demand and workforce issues. The VCSE Stakeholder Group is committed to pursuing opportunities to build capacity and sustainability within the sector so it can continue to be a catalyst for an inclusive economy.



### Report Summary

The purpose of this report is twofold:

1. to provide Cabinet with the write-up from the Equalities Assemblies, which is a report called 'Open the Door a Little Wider' (Appendix A)
2. to provide Cabinet with its third annual update on NTCA's performance against its Equality Objectives 2021-25 (Appendix B).

### Recommendations

Cabinet is recommended to:

1. endorse the write-up from the Equalities Assemblies, which presents resident and employer experiences and case studies of barriers to work, as a result of inequality in the region as set out in Appendix A; and
2. note the progress made on NTCA's Equality Objectives and wider equality and diversity ambitions as set out in Appendix B.

#### A. Context

##### 1. Equalities Assemblies

1.1. Between November 2022 and September 2023, the NTCA held three Equalities Assemblies where residents and employers were invited to speak with the Mayor and NTCA officers, to share their experiences of challenges to gaining and keeping good work, with a focus on inequality, and their hopes for more inclusive workforces.

1.1 Appendix A 'Open the door a little wider' presents the findings from this engagement.

##### 2. Equalities Objectives

1.1. In June 2021 Cabinet formally approved our first set of equality objectives. NTCA is obliged to prepare, publish and report on these objectives under the Public Sector Equality Duty (April 2011) which requires public authorities to have due regard to the need to achieve the objectives of the Equality Act 2010. The objectives of the Act are for public bodies to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out activities.

1.2. NTCA worked in partnership with the Equality and Human Rights Commission (EHRC) to develop objectives which reflected national good practice and covered both the responsibilities and expectations of our staff, and our ambitions for a more inclusive economy in the North of Tyne. This means an area where economic opportunity is available to all and NTCA's policies, programmes and projects all seek to consider and actively address different experiences of economic exclusion and disadvantage based on people's sex or gender, ethnic background or race, disability or age, as well as other equalities characteristics.

- 1.3. Our equality objectives make a public statement about our understanding of these issues and help make NTCA accountable for delivering work and interventions which help people who are furthest from opportunities to have a stake in the North of Tyne.
- 1.4. Appendix B 'Annual Equalities Objectives Update' demonstrates progress against these objectives throughout 2023.

## **B. Impact on NTCA Objectives**

1. NTCA is committed to "supporting and developing vibrant communities, which provide opportunities, choice and inspire pride. NTCA's Inclusive Economy Policy Statement reinforces this by committing to developing an investment approach that links growth with inclusion. Our equality objectives are important tools with which to do this, recognising and understanding some of the root causes of inequality in the North of Tyne and working directly with residents to co-design and co-produce our responses.

## **C. Key risks**

1. NTCA now has an established framework against which to measure and understand the progress of our objectives. We will use this to review progress within the next year, actively inform any new programmes or projects we undertake and ensure this analysis is applied to our policy approach going forward. This will include giving due consideration to other relevant groups which are not explicitly protected by the Equality Act 2010.

## **D. Financial and other resources implications**

1. There are no financial implications of this report.

## **E. Legal implications**

1. There are no direct legal implications in this report.

## **F. Equalities implications**

1. The contents and recommendations of this report will directly deliver NTCA's obligations in line with the Public Sector Equality Duty (April 2011) which requires public authorities to have due regard to the need to achieve the objectives of the Equality Act 2010. Our Equality Objectives 2021-25 enable NTCA to advance equality of opportunity between persons who share relevant protected characteristics and those who do not, contributing to an inclusive, thriving North of Tyne.

## **G. Inclusive Economy and Wellbeing implications**

Our equality objectives will specifically support the following characteristics of a more inclusive economy: Participation – Our objectives, which include specific commitments to co-design, co-production and the active participation of all groups across the North of Tyne, directly support a people-centred approach to local economic development, aiming to offer people with protected characteristics in particular a greater say over their future. Equity – By better understanding the experiences, needs and barriers of people furthest from good jobs and opportunities, we will seek to ensure inequality declines, specifically in areas such as in-work poverty and financial exclusion. Growth – a clearer understanding of how some groups with protected characteristics experience systemic barriers to economic opportunities will ensure good jobs and skills are targeted at people from poorer communities and places in the North of Tyne, including our rural and coastal communities.

## **H. Climate Change implications**

1. There are no climate change implications for this report.



**I. Consultation and engagement**

1. 19 VCSE partner organisations, 57 residents and 15 employers took part in the engagement during the Equalities Assemblies.
2. We have worked with the EHRC on the Equalities Objectives.

**J. Appendices**

Appendix A 'Open the Door a Little Wider' – a report from the NTCA Equalities Assemblies.

Appendix B 'Annual Equalities Objectives Report 2023'

**K. Background papers**

[NTCA Equalities Objectives](#)

[Equalities Objectives update 2022-23](#)

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**M. Glossary**

None

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# OPEN THE DOOR A LITTLE WIDER:

PERSPECTIVES ON BARRIERS TO GOOD  
WORK AND INCLUSIVE WORKPLACES IN  
THE NORTH OF TYNE

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## FOREWORD FROM MAYOR JAMIE DRISCOLL, MAYOR OF THE NORTH OF TYNE

“To bring about change you must not be afraid to take the first step. We will fail when we fail to try.”

Rosa Parks took her first step 69 years ago when she refused to give up her seat on the bus to a white man. You probably know the story. She was arrested. African Americans boycotted buses in Montgomery, Alabama for a year. The United States Supreme Court declared segregated buses to be unconstitutional. It was a foundational event in the civil rights movement in America.

Change happens when people turn up and take part. When they don't accept that the way things are today are the way they always have to be. Making a more equal world is not a spectator sport. People need to be involved as well as committed.

In my election manifesto I pledged to hold an Equalities Assembly. A space to find solutions to problems, not a talking shop. To listen to people's lived experiences and work out how we can do better.

The stark reality is that there is much to do: 1 in 5 of the North of Tyne population are living with a disability, yet nearly half of all residents with a disability are economically inactive. Almost a third of children here live in poverty. Pupils eligible for free school meals are less likely to go to university than those who aren't. Gypsy, Roma and Traveller communities feel they don't count, not least because they are often not counted at all in official statistics.

We don't have all the levers of power in the North of Tyne. For example, we can't get rid of the Government's two-child benefit cap, however much I want to.

But we can listen to people. And we do. Through all of our programmes. And we can do something about employment. It doesn't solve every problem but if we get it right it can get you more money in your pocket. And in this cost-of-living crisis that really does matter.

So, we listened to residents and employers – experts in their fields and key partners for change. We wanted to know what the real barriers were to recruiting a diverse workforce and why good jobs remained out of reach for some.



We got some excellent insights. I listened to stories of discriminatory practices I didn't even know existed. One participant spoke about how he'd been advised to change his name on applications to something more "English-sounding". Another attendee had autism and dyspraxia. They'd secured a good position with decent managers at a national company. But then their manager changed – and they stopped getting the support they needed. A young single mum who'd experienced serious hardship described how she'd landed an "amazing" job. Working a few hours, each week. Limited hours meant she could afford the limited childcare. But now she's being pushed to increase her hours. If she does, she won't be able to afford childcare. If she doesn't, her benefits will be cut. I can see what participants meant when they spoke about Universal Credit and "a sense of being trapped".

We also heard from employers who'd changed the way they worked and were now challenging others to do the same. Recruitment practices, in-work training, flexible working to meet caring responsibilities – a range of ideas came to the fore.

Our challenge now is to make these changes happen. To use the tools we have at our disposal – our Good Work Pledge (currently signed by 140 employers), our skills and training budget, and the investments we make daily in hundreds of local employers, big and small.

**LET'S OPEN THE DOOR A LITTLE WIDER.**

## INTRODUCTION

In 2022 and 2023 the North of Tyne Combined Authority (NTCA) held three engagement events (2 for residents and 1 for employers), to listen to the experiences of both residents and employers, focusing on challenges and successes in gaining good work. This report presents the pivotal findings from the three events.

The NTCA is a partnership of three local authority areas: Newcastle, Northumberland and North Tyneside. One of the NTCA's aims is to build a more inclusive economy, bringing together people and opportunities to create a good quality of life for everyone.

The North of Tyne has historically seen high unemployment rates and whilst these rates have steadily decreased over the last decade, the North of Tyne currently has one of the lowest economic activity rates in the country.

Data highlights that within the North of Tyne:

- Female residents (aged 16-64) are more likely to be unemployed and less likely to be in employment than their male counterparts.
- The biggest fall in employment rates from 2021 was seen by older residents (aged 50 to 64 years).
- Long-term sickness is now the main reason behind economic inactivity in our area. In 2022, 4,800 more residents left the labour market due to long-term illness compared to pre-pandemic.
- Nearly half (47.6%) of disabled residents are economically inactive.
- Unemployment amongst minority ethnic groups (excluding white minorities) went down by nearly 10 percentage points and employment rose by over 10 percentage points since 2021-2022.
- Nearly a third (31.4%) of minority ethnic groups in our area are economically inactive, which is above the regional and national average.

\* The full NTCA report from which this data is taken is entitled 'Examining the State of our Region' and can be found on our website.

## DEVELOPING A DEEP UNDERSTANDING OF RESIDENT AND EMPLOYER EXPERIENCES: OUR APPROACH

At NTCA our vision for the future includes an inclusive and sustainable economy. We passionately believe that turning this vision into a reality involves developing a deep understanding of the inequalities that some of our residents face daily and a shared commitment from those involved across the system to address this.

In November 2022, NTCA hosted its inaugural 'Equalities Assemblies', where 57 residents who had experienced challenges finding good work, shared their lived experiences and hopes for the future with the Mayor of the North of Tyne, Jamie Driscoll, and NTCA officers. There was one online event and one face to face event. The purpose of this was to gather insights which could be used for inclusive policy development and targeted interventions and to support employers to be better able to recruit and retain a diverse workforce. This was key to NTCA's aims to build better and more informed relationships with residents, and to work alongside them for a better future.

One attendee commented that they are so used to not being heard, it was like 'a dream' to be able to talk to the mayor. Many participants said that they were inspired by the **'buzz in the room'** at the face-to-face event, and others reported feeling **'empowered'** and **'listened to'** over the course of the day. Another attendee said that the face-to-face event, was the most inclusive event they had ever attended.

A similar session was also hosted for employers in the region, who were also invited to share their experiences of challenges and successes in recruiting a diverse workforce.

In recognition of the importance of conveying these stories effectively, NTCA partnered with academics from Durham University to help with a thematic approach to analysing the feedback. Professor Jo McBride and Dr Cat Spellman also advised on the methodology used.

## MEANINGFUL APPROACHES TO ENGAGEMENT

A considered and deliberate approach was taken to making sure the events were inclusive. The resident events were codesigned with Voluntary Organisations Network North East (VONNE) and other organisations in the voluntary sector, in an attempt to ensure they were comfortable, meaningful and attended by diverse residents. The codesign events established elements such as accessibility and communication requirements and the group agreed to share all event materials with attendees in advance, in easy-read format.

19 partner organisations were involved in total, and they helped to recruit attendees from across the spectrum of protected characteristic groups, who may have faced barriers in gaining good work. This resulted in a diverse group of participants.

A total number of 39 residents attended the face-to-face event.

### What are protected characteristics?

It is against the law to discriminate against someone because of:

- age
- disability
- gender reassignment
- marriage and civil partnership
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

These are called protected characteristics. (Equality Act, 2010).

Attendees sat in small groups on tables of 4 or 5 people, each with a designated facilitator from the NTCA. Facilitators aimed to create a safe and comfortable space for the participants and to work in a relational and respectful way with them. The discussions on each table were centred around 3 open questions which invited participants to share their experiences of barriers to employment and their hopes for a better future.

A similar format was mirrored in the online event, which followed, and was attended by 7 further residents, who also had the opportunity to talk to the mayor. The online event was identified by the co-design group as being important for inclusivity.

11 residents who were unable to attend, due to illness, anxiety or other factors, emailed their stories and experiences.

### Resident discussion questions

1. Please tell us about barriers you have experienced that have stopped you from being able to access the right job for you. These are the things which have stopped you from being able to realise your potential.
2. What might make/might have made a difference for you?
3. From your experience and perspective, is there anything else you'd like us to know?

The final event to take place was an opportunity for employers in the region to engage and provide their own experiences and perspectives on the same topics of discussion as with the residents. Another online listening event was arranged with the same format. A total number of 15 employers attended, working in mainly senior leadership or HR positions. A good range of sectors were represented including voluntary, community and social enterprise (VCSE) organisations, digital, law, transport, housing and skills.

Again, attendees worked in small groups of 3 to 5 people each with a facilitator who asked the questions, with another taking notes, and all of the major points were fed back to the room, after each question had been discussed. Academics from Durham University also attended these sessions. When allocating attendees to their groups, the research team tried to avoid the grouping of similar organisations or sectors to avoid competition or the fear of repercussions amongst competing businesses. Some attendees chose not to disclose their employer, in this instance employer names have been left out of the contributors at the end of this report.

### Employer discussion questions

1. Please tell us about any barrier you have experienced as an employer, in being able to recruit and retain a diverse workforce.
2. What do you feel might have made a difference to these challenges?
3. Please tell us about any successes you may have had in recruiting and retaining a diverse workforce.
4. From your experience and perspective, is there anything else you'd like us to know?

## WORKING WITH THE EVENT FINDINGS

Following the three listening events, the notes taken by the facilitators were gathered together and analysed by the research team at NTCA and Durham University. The content and form of the notes were varied, including a mix of direct quotes from the participants, more general comments and summaries, and also observations from the event.

The notes from both the residents and the employers were analysed in depth both separately and together in order to consider all perspectives and reflections from the event. Themes were then drawn out which are presented in the section that follows. Particular focus was given throughout to the real and lived experiences of the participants that were shared during the events.

## ART, POETRY AND WRITTEN CONTRIBUTIONS

An important part of inclusive engagement with residents and employers is to work with them in different ways, helping people communicate in their own style.

An opportunity was provided for participants to submit responses in different formats, including written responses, art, poetry or photography to represent their experiences with regards to the challenges they had experienced gaining good work and their hopes for the future.

A sample of the submissions is featured briefly below and presented in full in appendix A at the end of this report.



## THEMES

Four main dimensions were identified in the research, which were clear in both employer and resident discussions.

### 1. JOB SEEKING

- 1.1 JOB SEARCH AND JOB DESCRIPTIONS
- 1.2 QUALIFICATIONS, SKILLS AND EXPERIENCE

### 2. APPLICATION AND INTERVIEW PROCESSES

- 2.1 APPLICATION PROCESSES
- 2.2 INTERVIEWS

### 3. EQUALITY, DIVERSITY AND INCLUSION

- 3.1 PREGNANCY/MATERNITY AND CHILDCARE
- 3.2 DISABILITY, HEALTH AND NEURODIVERSITY
- 3.3 RACE AND RELIGION
- 3.4 SEXUAL ORIENTATION

### 4. IN-WORK PROCESSES, OPPORTUNITY AND CULTURE

- 4.1 TRAINING AND DEVELOPMENT IN THE WORKPLACE
- 4.2 ORGANISATIONAL CULTURE
- 4.3 ROLE OF MANAGEMENT

Within each theme, both challenges and opportunities for the future were discussed with participants.

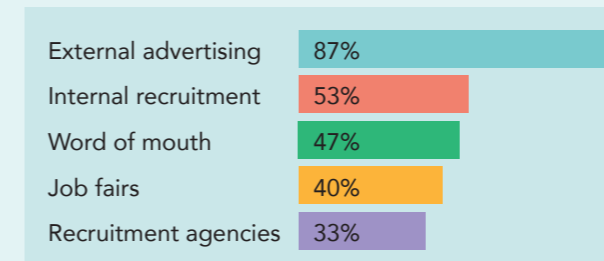
## THEME 1: JOB SEEKING

The first theme which became apparent was that of job seeking. There was much discussion among residents and employers about the challenges associated with looking for jobs, advertising jobs, and the processes associated with applying for jobs and shortlisting. Both residents and employers also focussed on qualifications and skills as part of this conversation, as well as employer expectations of candidate skills and experience.

### 1.1 JOB SEARCH AND JOB DESCRIPTIONS

**How are North East Employers carrying out their recruitment?**

Employers who attended the final event were polled to find out where they were carrying out their recruitment. The results were as follows:



### CHALLENGES

**Not knowing where to look for jobs:** On the theme of looking for work, residents commented on not always knowing where to look for jobs and feeling overwhelmed by the number of websites and other places where jobs are advertised.

**Inflexible working hours:** Several residents commented on the limited scope in terms of contracts and the issue of hours in job adverts, saying that jobs are mainly full time and/or zero hours and that there are not enough part time or flexible jobs with guaranteed hours. This presented a barrier for those with caring responsibilities or to those who were training.

**Lack of reliable information from some employers about the job and company:** It was reported by residents that there was often a lack of accurate information from employers in job descriptions and adverts around company culture, expectations and reasonable adjustments. Participants commented on wanting more transparency over company values, policies and practices, to ensure they were a good fit. One resident said *"I need to be able to find out more about an employer before I apply to go for an interview so I can decide on whether the job will be safe for me - things like travel, accessibility, LGBT policies. Does the company have values that will make me feel safe, welcome and accepted?"*

**The emotional impact of job seeking:** Many residents commented on the emotional impact of job seeking and noted having felt disappointment, stress and even despair at the regular rejections, or just hearing nothing at all. This can be quite a triggering experience, especially for those who have experienced trauma. Some noted the confidence paradox; – you need to feel good to look for work, but the more rejections you receive, the harder this is. One resident said: *"finding work is a battle and you need to feel good and strong to go into battle."*

**Confusion over whether you need to meet all the criteria:** Some younger people and those new to the job market (eg recently graduated) felt there was no point applying for a job if they couldn't meet 100% of the criteria. Even those with years of experience sometimes struggled to put together applications that they felt would be considered for the post. A North of Tyne employer also highlighted this, stating *"The shortlisting is strict, it involves meeting essential and desirable criteria and writing a personal statement and this is what is assessed on - if you haven't written an application before you might not be able to meet the criteria despite having done the job for 20 years."*

**Traditional recruitment practices don't work for everyone:** Employers noted that standard recruitment is not suitable for everyone. Some commented that the way jobs are advertised on job websites is often too prescriptive and applications are too 'hefty' and can put people off. One resident commented on inflexible and exclusionary pathways into work and said that employers should consider different approaches, saying *"people have got so much resilience and have worked so hard to get themselves ready for work. These characteristics will ensure they will succeed eventually - but we need employers and recruiters to change and work as hard from their end to change their attitudes and processes."*

**Recruitment agencies can work in a dispersed way and lack local knowledge:** Employers reported some challenges with using recruitment agencies. In the discussions it was expressed that there was a lack of specialised recruitment agencies for recruiting staff with protected characteristics in our region and that regional recruitment sites have a tendency (as with many algorithms) to attract homogenous candidates. Some also mentioned that many specialised recruitment agencies were based in London and not many applicants want to relocate.

**Some employers struggle to attract diverse candidates:** Employers reported not necessarily struggling with attracting candidates but struggling to attract candidates from different backgrounds. They also reported some disappointment around this saying *“We know we need to be doing more to attract a different range of people.”*

#### Opportunities for the future

- Thoughtful and innovative approaches to advertising jobs, rather than just doing what has always been done.
- Social connectedness in recruitment, with better links between employers and applicants and perhaps even between applicants themselves.
- Changing the narrative around people who are out of work, which can sometimes be negative—those who have faced challenges are often resilient, can solve problems and are adaptable.
- Recruitment processes which recognise the emotional impact and stress that job seeking can cause.
- Making sure that detailed company information is available in advance and gives a real flavour of what it's like to work somewhere, so a candidate can decide whether it's for them or not.
- Considering different approaches to job descriptions and person specifications, for example, being clear if 100% of the criteria does not need to be met.
- Flexibility in recruitment and an openness to different or tailored approaches.
- Non-traditional routes to employment eg apprenticeships.
- Innovation in work experience offerings eg virtual programmes.
- More support and training for employers about reasonable adjustments and how to attract diverse candidates.

*“Recruitment processes should be less competitive and more equitable, just open the door a little wider”*

North of Tyne resident.

## 1.2 QUALIFICATIONS, SKILLS AND EXPERIENCE

### CHALLENGES

**Prohibitive cost of training:** Multiple participants noted the prohibitive cost of training or re-training as a barrier to good work.

**Mainstream training is sometimes unsuitable:** On the suitability of mainstream training, more than one participant commented that this is often not trauma-informed\* and can therefore be unsuitable for those who have survived abuse or other traumatic events.

**A disconnect between specific qualifications and their real value in the workplace:** Residents noted feeling frustrated at seeing mandatory qualifications as part of a person specification, which were not relevant to the job role. One attendee said, *“why do employers ask for a qualification if it's not going to be used for that job?”* Another said *“Qualifications don't tell you about the person. Just because you don't have the qualification, doesn't mean you can't do it.”*

**Challenges and stigma associated with having lived or worked abroad:** Numerous participants who had relocated to the UK from other countries, commented on the problems and challenges in transferring and recognising overseas qualifications. These included not having the certificate, the cost of qualification transfer and qualifications not being recognised by UK employers. One participant said *“in my home country I was a successful Dentist with two dental clinics. I have been unsuccessful even for Dental Assistant jobs here. I have applied for a job as an interpreter and a job looking after a building but get told that I am over-qualified.”*

**English for Speaker of Other Languages (ESOL) training not suitable for everyone:** One resident who submitted their story via email, had lived overseas. She was a survivor of domestic violence with a masters in physics and a high level of English and was told she'd have to start at a basic level of ESOL, which was well below her standard of English. She was left feeling isolated, dejected and depressed. Mirroring this, another participant commented that they felt insulted by the low standard in ESOL provision, saying that many topics were irrelevant for the workplace, but felt they couldn't turn this down because it was mandated training. Employers also discussed ESOL provision and employees with English as a second language and agreed that there was often 'the wrong type of support' and that career appointments should perhaps be longer for those with English as an additional language.

**Not enough training and support for self-employment:** There were conversations around self-employment programmes/courses which were considered as not being adequately flexible, plus some residents felt that there was not enough support to go self-employed raising the issues of complicated legislation and lack of help with funding. More than one resident talked about having been forced into self-employment, as this was the only way they could really be themselves.

**Additional challenges for those in abusive relationships:** One attendee commented on the impact of a coercive relationship on her skills and qualifications: *“He discouraged me from bettering myself. There was a computer in the house, but I wasn't allowed to use it. I have a problem with numbers and paperwork but I'm really good with people.”*

**Difficulties gaining appropriate levels of experience:** Young people reported being particularly impacted by the pandemic and being unable to gain real work experience because of this. Some graduates said that employers were always looking for more experience than they had and reported difficulties gaining good work in an office environment, when the only paid work they'd done was in hospitality/entry-level roles. Some residents commented on the challenges around having too much experience and said that lots of different work experience and short term jobs on a CV can be seen as negative, but it's hard to know whether you'll want to stay somewhere.

#### \* Trauma-informed approaches

Experiencing traumatic events is very common. A trauma-informed approach is a way of providing support or services that recognise and respond to the impact of trauma. It involves creating an environment that prioritises safety, trust, choice, and collaboration, considering the unique needs of individuals who may have experienced trauma. The goal is to promote healing, prevent re-traumatisation, and foster a supportive and empowering experience for those affected by trauma.

#### Opportunities for the future

- Reviewing ESOL programmes to make them more flexible and able to support learners with varying levels of English and different degrees of experience and skills. *“We need a more holistic and tailored approach to ESOL, taking into account the intersectional challenges learners often face”* NE Employer.
- Trauma-informed approaches to skills and training.
- Funding for training and re-training including more innovative and less traditional training programmes.
- A recognition of the additional challenges that people who have moved to the UK may have faced and a reframing of this as a strength. This could be coupled with increased flexibility on the right to work skills shortage list in order to make a real difference.
- Additional training, support and funding for those who would like to become self-employed.
- A focus shift from expectations on qualifications to what could be learnt on the job.
- Some residents did comment on some positive experiences with soft skills, computer skills and financial inclusion courses including self-esteem and confidence building, suggesting that there are many good training courses already in existence. Sharing of best practice would be useful in this instance.

## THEME 2: FROM APPLICATION TO INTERVIEW

Application processes and interviewing were central to discussions among both residents and employers. Conversations focussed on application forms, preparing for interviews, attending/holding interviews and sharing feedback afterwards.

### 2.1 APPLICATION PROCESSES

#### CHALLENGES

**Application processes can be unfair and exclusionary:** Many residents reported feeling that recruitment processes were not fair, accessible or inclusive and that application forms were often too long and complicated.

**Online applications can be problematic:** Residents commented on sometimes not having the digital skills to manage online application processes. Online applications had also proved a challenge for those who have English as an additional language or were neurodiverse. *“Jobs often ask for CVs virtually, I feel embarrassed that I can’t attach CVs through the link, this is a huge set back”* North of Tyne resident.

**Psychometric testing can be unsuitable for applicants with disabilities:** On psychometric tests, more than one resident mentioned that these can sometimes be unsuitable for disabled applicants or applicants with conditions such as bi-polar disorder. One participant mentioned being told that they were appointable but had not scored enough points on the test, so were not offered a role.

#### Opportunities for the future

- **Sharing best practice:** There are numerous examples of inclusive recruitment practices happening around the region and scope to share best practice. Both residents and employers had experiences of this and commented that it tended to be where employers had partnered with the voluntary sector to understand applicants and work relationally with them throughout the recruitment process. *“An example of recruitment done right was Kickstart, where we worked with the Department for Work and Pensions (DWP) who selected applicants, they went straight to interview, they were given the questions in advance, we took on 6 and all of them were offered jobs at the end.”* North of Tyne Employer.
- **Trauma informed approaches:** similarly, there are good examples of trauma-informed approaches to recruitment and some residents said that an understanding of trauma from employers as part of the recruitment process would be useful.
- **Training in digital skills and offline or alternative applications to be allowed where possible** – one employer had some success in using a video application process, for example.
- **Easy read adverts and application forms.**

### 2.2 INTERVIEWS

#### CHALLENGES

**Practical challenges in accessing interviews:** Participants of the resident equalities assemblies mentioned problems with accessing interviews, including that it often wasn’t practical (problems with public transport/not driving) and that directions were often not given.

**Applicants are sometimes unsure how to prepare and what to expect:** Many residents said that they weren’t sure what to expect or how to prepare. Employers mirrored this perspective, and some were beginning to think of alternative ways of carrying out interviews. Some employers said they get better results when questions are shared in advance. Other employers talked about sending over 10 questions in advance and the candidate having a choice of which ones to answer. One employer said *“Giving the questions in advance makes recruitment nicer, it helps people who would otherwise struggle with more formal recruitment processes”* and another commented *“To assess someone in half an hour on whether they can do a job, is that really the best way to do it?”*

#### Traditional interview formats can be exclusionary and are a challenge for both residents and employers:

Both residents and employers commented on the challenges associated with long and complicated interview processes and irrelevant questions. They noted that interviews didn’t always feel like the best format for assessing whether someone was a good fit for a particular role. Residents commented on the emotional impact and stress of interviews with one resident commenting *“I said to them, please give me a chance I will do a demo and then you will see, but they didn’t give me a chance to prove myself. I found the whole thing very stressful”*.

**Applicants can feel disheartened by a lack of diversity in interview panels:** Some residents commented on the impact that a lack of diversity in recruitment panels has on them, leaving them feeling unable to view themselves within an organisation.

**Applicants are sometimes unsure how much to disclose about themselves:** Some residents reported feeling nervous about disclosing that they were caring for someone in case it affected the decision from the employer. Employers also mentioned caring responsibilities as a challenge they had come up against but recognised that it was important to ‘unmask’ carers and to make sure they felt able to discuss openly how the organisation could support them. Other residents talked about health issues such as addiction, with one resident commenting *“Due to addiction, getting references from previous employers can be difficult... People without references can be put off from applying for things as they feel that’s a sticking point straight away.”* Some residents with previous criminal convictions commented that this had limited their job prospects and they’d found they were unable to apply for jobs in the career they would like and found employers focussing on their crime directly rather than personal skills, experience, conviction circumstances.

**Applicants can feel discouraged by a lack of feedback after interviews:** Residents commented on the lack of meaningful feedback after interviews and also fears over challenging interview decisions. Some felt that decisions made about them were unfair and they didn’t understand them but there was nothing they could do. *“I want to have an opportunity to discuss what I am doing right or wrong with a recruiter so that I can then work on doing better. I want to discuss and learn from them, what else I need to do and what they are looking for.”* North of Tyne resident

#### Opportunities for the future

- **Building compassion into the interview process:** Both residents and employers commented on the value that considering interviews as a human process and using trauma-informed approaches would add.
- **Flexibility and thoughtfulness in interview approaches:** In terms of what might make a difference, residents suggested that informal and relaxed recruitment processes would be better, ideally face to face so you can get to know each other better (some people with English as an additional language felt face-to-face was easier too). Long, complicated and multiple interview formats should be avoided.
- **Providing as much information in advance as possible:** Employers talked about good practice such as providing photographs of their building in advance, so people knew what to expect, and on-site and virtual open days where applicants can find out about the company in an informal way. Both employers and residents felt that having questions and tasks provided in advance led to better results.
- **Funding for innovative recruitment pilots:** Employers mentioned wanting more support and funding to help them rethink recruitment processes.
- **Post-interview feedback:** Employers could provide considered feedback after interviews to help applicants in the future and think more carefully about how they could help applicants into other roles.
- **Joined up, affordable travel and/or transport costs for interviews.**
- **Creating a safe space for applicants to be human:** A recognition that people may have additional challenges in the here and now and may have faced challenges in the past. Employers could create a safe space for applicants to be human and to disclose relevant information. Employers said that ‘having the permission’ to ask about things like caring requirements would make things easier for them.



## THEME 3 – EQUALITY, DIVERSITY AND INCLUSION (EDI)<sup>1</sup>

Residents commented widely on their experiences of what they considered to be tokenistic or misinformed EDI practices, which were not tailored or bespoke to certain organisations, industries or individuals. Employers echoed this in their experiences, commenting on the difficulties they'd had in establishing exactly what employees may need to feel supported and welcome.

### CHALLENGES:

**Some employers are struggling with conversations about race, religion and sexuality:** One employer said *"It's very hard for us to speak out about religion, race, sexuality in conversations, but now we have so many people from these groups so we can support them. We should have the conversations without the fear and be brave - if everyone has the bravery then we will get it right eventually."*

**Some organisations experience a lack of diversity within senior leadership:** Both employers and residents commented on their experiences of a lack of diversity within senior leadership or at board level. They said that representation is fundamental to help residents see themselves in a variety of roles. Some employers said they didn't know how to go about this or where to recruit people from. One employer said *"In terms of ethnicity at a senior level, we're not diverse and we know that. We're doing a lot of work because we know if you don't see yourself represented it's difficult."*

### Opportunities for the future

- **Training:** In terms of what may make a difference, residents said that they expected all staff to be trained properly in things like disability awareness, neurodivergence or LGBTQIA+ issues and that they thought this would really help. This training should be well thought out and meaningful and ideally involve meeting or working with people from different backgrounds.
- **EDI champions:** Employers discussed the importance of having a single point of contact or key person who would drive EDI agendas within an organisation.
- **Sharing best practice:** Some employers gave examples of best practice including gender recognition forums for awareness for transgender people, other internal forums discussing how to support parents or neurodivergent people for example, adding pronouns to signatures, gender neutral toilets and not organising meetings around the school run.
- **Promoting diversity at senior levels:** Employers recognised the value of diversity in senior leadership and commented that diversity within management could contribute to more lived experience at senior levels and an increased likelihood of diversity of opinion. One employer mentioned that they'd like to see a scheme where trainee board members could be taken on, to encourage progression and development for people who do not always have the opportunity to progress to this sort of role.

<sup>1</sup> EDI was naturally quite a key concept during conversations with both residents and employers. Much of this is covered in other sections of this report, however we felt it was important to draw out some of the key points with regards to EDI separately. The amount of space dedicated to each protected characteristic is reflective of how much it was discussed in resident and employer conversations. Some protected characteristics, such as age, sex, marriage and gender reassignment either did not come up in conversation explicitly, or are mentioned elsewhere in this report.

## 3.1 PREGNANCY/MATERNITY AND CHILDCARE

### CHALLENGES

#### Lack of available/flexible/affordable childcare:

Systemic issues around childcare were a key topic of conversation including a lack of affordable, flexible childcare, as well as not enough childcare places and no weekend places. Some residents noted that as only one parent was in work, they were not entitled to tax free childcare and others said that they couldn't afford to pay the childcare costs upfront and wait to be reimbursed by universal credit. Settling in/induction days with nurseries and schools were also noted as problematic as these can be for just an hour a day over several weeks which requires employers to be more flexible than may be possible for them. One resident commented that as their immigration status was still being processed, they were unable to access free childcare and therefore couldn't work. Residents said: *"Childcare costs more than our mortgage."* *"I work shifts, which childcare can't cover."* *"I just kill time all day, waiting for my children to finish school."*

#### Direct discrimination against those who are pregnant:

Several residents commented on having their jobs changed or having to leave because of pregnancy or maternity. One resident said *"I was pushed out of my job when I was pregnant. I loved my work!"* Another commented *"I had my shifts reduced because I wanted time off for my antenatal appointments."*

#### Inflexible working hours and unclear policies:

Residents noted that working hours often don't fit around the school run and/or school holidays and that it's hard to find flexible or part time work around caring for a relative or child. Some parents said they are missing out on work opportunities and promotions which were only available full-time. They had come across negative attitudes and pressure when caring for young children including inflexible and unclear policies. One resident said: *"I really want to work; I want a job but I have to work within school hours."*

### Opportunities for the future

- Flexibility and understanding from employers to support those with childcare or other caring responsibilities. Employers should consider tighter and more specific policies around childcare and working hours and should give consideration to those who are pregnant or have young children given the additional challenges that this raises. Childcare vouchers, flexible working hours and part time contracts were all raised as actions employers could take to support those with children.

## 3.2 DISABILITY, HEALTH AND NEURODIVERSITY

There are 157,900 residents with disabilities in the North of Tyne area, which is 20% of the total North of Tyne population. Nearly half of these residents are economically inactive. Disability was a key theme in the conversations around good work with many residents discussing the challenges associated with gaining good work as a disabled person and the impact this can have on confidence and motivation.

### CHALLENGES:

**Some employers unable to work with Personal Assistants:** residents living with disabilities described situations where employers had been unable to work with Personal Assistants\* (PAs), saying that they didn't understand the role of a PA and that this added to the day-to-day stress of the workplace. Residents said: *"They didn't know when to talk to my PA and when to talk to me - a PA is their own person they are not an extension of me."*

*"They were confused when I asked for a desk for my PA so she could do her own job while I was at work."*

*"There's always a bit of a panic and a worry from employers employing people with PAs - they don't know when to talk to her and when to talk to me."*

#### \* What is a personal assistant?

Personal assistants usually support individuals in their own home or to go out in the community. They are generally employed directly by an individual and can be employed by one employer or work for a number of different people.

Tasks include: organising and supporting individuals with their social and physical activities, helping with personal care such as showering and dressing (although not all PA roles involve personal care) or helping individuals to get to work.

**Some employers are willing but not ready to employ a disabled person:** Employers reported a desire to make reasonable adjustments but felt unsure of what to ask or how far to go. Residents with disabilities shared experiences of employers being willing but not ready to employ a disabled person and the impact this had on them, including sometimes having to give up good work before they had even got started. One attendee, who is a wheelchair user, gave an example of this, saying they had waited 9 months for their employer to put things in place so they could access and use the building comfortably, and then eventually left the job before starting, as it was too long to wait. They had found this *“a prolonged and frustrating process.”* Another resident, on their experience of a new workplace, said *“Just because I am disabled, they made a fuss and made everything different – I’m not different in any other way – work, performance, accountability should all be the same for me as for everyone else.”*

**Some employers are unable to provide specialist equipment:** Disabled employees also commented that they had not always been given the correct equipment to support them at work, for example one attendee who was disabled was working in a restaurant and was not provided with the technology to help them with ordering. They commented that this should have been reasonably simple and that other bars/restaurants were able to do it, but no changes were made by their employer in this instance. This was mirrored in the employer perspective where lack of funding for specialist equipment such as display screen equipment (DSE) was a real barrier for employers in terms of being able to welcome a disabled employee into the office.

**Lack of opportunities for disabled people in leadership roles:** There were also conversations about the lack of opportunities for disabled people in leadership roles. Specifically, one person said employers needed to focus on *“not aiming for the line of being normal, there is nothing stopping us from aiming for elite or high-performance standards”.*

**Lack of awareness from employers with regards to learning difference and neurodivergence:** With regards to learning disabilities and neurodivergence some residents reported issues with employers not understanding this and their behaviour just being seen as challenging or negative. Residents wanted employers to know that neurodivergence is different for each individual. On the theme of learning disabilities and neurodivergence residents said: *“I didn’t tell anyone about my learning disability, and I kept getting finished in jobs because I struggled to read or write, but I didn’t feel comfortable communicating my challenges.”*

*“There is a need to raise awareness among employers on how common it is for people to have learning difficulties and/or disabilities. It’s a really common thing. Lots of people have them. And employers should know more about them, to reduce stereotypes and stigmas. And to increase awareness and acceptance.”*

*“Employers should be reading up on how to help staff better. My previous employer didn’t take any notice of the information I gave them about my dyspraxia. However, a more positive experience was when I provided an employer with clear instructions on my individual support needs and I felt listened to and things were implemented.”*

#### **Additional challenges for the Deaf community:**

[Some participants who were Deaf reported that in their experience, the ability for Deaf people to secure good work can be poor and this is partly due to failures to include Deaf children and young people fully in the mainstream education system. Their experience was that attitudes to what Deaf people can achieve can also be disappointing, the expectation of many employers is low, they assume Deaf people are not able to do many jobs and can sometimes see them as a health and safety risk.

**Stigma:** Many residents commented on the continued stigma, lack of understanding and lack of informed support around mental health in the workplace, and the barriers that poor physical and mental health can cause to gaining good work.

**Mental health:** Residents reported that some roles can be quite triggering for those with mental health concerns – such as stressful roles or customer facing roles. Others said that they found recruitment processes to be quite triggering. Some residents commented that they felt degraded, segregated and demoralised due to being labelled by their mental or physical health issue and having to declare this at various points during application and interview processes.

#### **Opportunities for the future:**

- **Training on neurodivergence and learning disability:** with a focus on treating everyone as an individual and building in time and space to understand their needs and be able to offer the correct support. Training should involve a shift away from the deficit model moving towards a focus on strengths and the value a diverse workforce and bring to the organisation and wider staff team.
- **Rigorous disability confident schemes to be used more widely:** Some residents suggested that disability confident schemes could be more thorough and should include training on working with PAs, or an internal audit from employers to ensure they understand reasonable adjustments and are ready to employ a disabled person.
- **Funding for specialist equipment/building alterations:** to allow employers to welcome people with different disabilities more readily.
- **Mental health first aiders:** Some residents felt that mental health first aiders made a big difference in a workplace but noted that it would be better if all staff had an understanding of mental health and the surrounding issues.
- **External support:** Employers mentioned that external support was valuable and in particular, connections with specialists who they could go to for advice.
- **Recognising the value of a diverse workforce:** One resident said: *“by not employing a diverse workforce, employers are missing out on some real gems.”* Employers echoed this sentiment stating: *“We know having diverse staff will give a diverse voice for our diverse audience”* They also talked about the importance of not fearing disability or seeing it as a barrier.

### 3.3 RACE AND RELIGION

#### CHALLENGES

**Workplace hostility:** Residents from black and minoritised ethnic communities described experiencing hostility in the workplace, not being taken seriously and coming across inappropriate dress codes (including inflexibility for Muslims).

**Living in a rural area:** One attendee felt that living in a rural area made this even worse and had to leave her home due to racism, which presented a huge barrier to her continuing to work in the job she loved. The same resident felt that rural organisations sometimes try less hard to welcome those from other cultures or backgrounds.

**Name discrimination:** Residents described feelings of being discriminated against for having *“foreign sounding names.”* One resident said *“With 8-10 years of experience in transport, I was not even interviewed. I was asked to change my name and put an ‘English’ name on my CV. After 6 years of trying, I was immediately interviewed for a driving job with my new ‘English’ name.”*

**Lack of support for those moving from asylum to refugee system:** residents felt that better support to understand where to find jobs and how to apply for them was required for those who had moved to the UK from elsewhere.

#### **Opportunities for the future**

- **Stronger staff-led policies and awareness from employers** about how to be allies and how to recognise and deal with racism in the workplace (such as specific anti-racism policies).
- **A recognition of additional challenges** those from black and minoritised ethnic communities may face generally but also specifically in rural areas.
- **Guidance and training** for those involved in shortlisting and interviewing to understand and recognise bias and prejudice.
- **Improved employability support and training** for those moving into the refugee system.

### 3.4 SEXUAL ORIENTATION

#### CHALLENGES

**Workplace hostility:** With regards to sexual orientation, some residents discussed experiences of having been bullied in the workplace and not having had enough support from their managers. More than one resident talked about having been forced into self-employment, as this was the only way they could really be themselves.

#### **Opportunities for the future**

- Stronger staff-led, fully inclusive policies and awareness from employers about how to be allies for those from the LGBTQIA+ communities and how to recognise and deal with discrimination in the workplace.

## THEME 4 – IN WORK PROCESSES AND POLICIES

With regards to staff retention, a number of residents had experiences of having gained good work only to find they were unable to stay in the position, for a variety of reasons.

### 4.1 TRAINING AND DEVELOPMENT IN THE WORKPLACE

#### CHALLENGES

##### Poor quality and online only workplace training:

Attendees commented on not having enough training to carry out their roles effectively and said that in their experience there wasn't enough face to face training and training was mostly done online, which they felt impacted on their ability to fully understand their role. This was mirrored in the employer perspective, with employers also commenting on the value of good training and on a lack of "meaningful" training in the workplace.

**Not enough workplace support:** Some residents commented that in their experience, in-work support was not always available and was sometimes inconsistent or ad-hoc, which made it difficult to settle in and feel comfortable. Residents said that regular opportunities to have one-to-ones with their manager would make a difference with regards to their understanding of their role.

#### Opportunities for the future:

**Strong and considered induction processes:** On workplace training and opportunities for personal development, residents commented on the importance of a 'safe space' to settle in, learn and develop.

### 4.2 ORGANISATIONAL CULTURE

#### CHALLENGES

**Workplace bullying and toxic cultures:** Multiple residents had experiences of workplace bullying and victimisation which had forced them to leave jobs, and commented on rigid cultures and environments in the workplace and a lack of safe spaces to talk about their personal life or any adjustments they may need. They spoke about being unable to challenge anything and feelings of not being taken seriously. One resident said: *"I was told by my manager that it has always been like this, and to put up or shut up."*

**Challenges with online working:** There was discussion among both employers and residents around online working. It was agreed that this type of working is not always preferable, and a case-by-case approach was best, to see whether online working would work for each individual. It is worth noting that some residents had been unable to take jobs because there were no options for online working.

**Challenges associated with part time hours:** Some residents commented on the challenges associated with working part time, compressed or reduced hours. Some said there was a stigma associated with this and they often felt others thought they weren't contributing as much. Some said they couldn't progress in their career as a result of working part time. Others commented on how exhausting it can be to work 5 days in 4. They found it frustrating to be considered part time when they weren't.

**Unsafe workplaces:** There were also discussions about safety in the workplace and this being a barrier to staying in a job. Some examples of risks included shift working, taxi driving, night working (access and safety) and cash in hand work.

#### Opportunities for the future

- **Improved company policies:** which are genuinely inclusive and include specific rather than broad references to different groups of people or types of issue. Company policies were mentioned by residents as something which could make a difference, and residents said they should be designed by employees and enable employees to feel safe, welcome and accepted.
- **Online working:** This should be given serious thought by employers and where possible should be an option, but not mandated. Online working and its impact (positive or negative) should be discussed and considered carefully with applicants/employees.
- **Respect for colleagues** who work part time as equals.
- **Meaningful and well thought out initial training** to support staff to understand and perform well in their role.
- **A focus on staff safety and wellbeing** as part of good work.

- **More opportunities for employers to share best practice around building inclusive workplaces:** Employers commented on the lack of case studies or examples of best practice and said they'd find it useful to be part of a local steering or best practice group with inclusive workforces as a specific focus. Some mentioned that it would be useful to see some larger or corporate organisations leading the way, as in their experience best practice was often coming from smaller organisations.
- **Creating a safe space:** Some employers reported successes in creating a safe space to work and allowing employees to be their *'authentic self.'* Some talked about the importance of *'compassionate conversations,'* being open and honest, regular check-ins with employees, internal audits and considering details such as their environment, caring responsibilities, toilets, dress code and uniform. They had often developed these approaches through reaching out and sharing knowledge with likeminded organisations.

#### Opportunities for the future

- **Compassionate and supportive managers:** Residents mentioned the crucial importance of good management and a manager who can see and accept the whole person. Good management could be developed through coaching approaches, leading by example such as modelling self-awareness and self-regulation and actively listening.

### 4.3 ROLE OF MANAGEMENT

#### CHALLENGES

**Inhumane and uninformed management approaches:** Residents reported experiences where they felt management had lacked values such as humanity and kindness, which had led them to leave good work. Some residents felt this had been compounded by the pandemic where managers became used to working transactionally and/or from a distance. Some residents also commented on a lack of knowledge and understanding from their management with regards to health conditions, and the problems with making assumptions rather than really trying to understand. *"Management should lift people up not push them down."*

## EMPLOYER CASE STUDY - DISABILITY NORTH

Disability North is a Newcastle-based charity promoting inclusion, independence and choice for disabled people and their families by providing information, advice and support on any aspect of disability. Staff from Disability North attended both the resident and employer engagement events and were keen to share why they think their organisational culture does things differently.

"Our commitment to diversity and inclusion goes beyond a mere checkbox exercise; it's ingrained in our organisational culture. Our staff even say it's something deeply embedded within our DNA.

Our employees appreciate being able to bring their unique perspectives and skills to the workplace, feeling truly valued and integral to the team.

Here's what our employees said when we asked them what sets us apart:

### Efficient Onboarding and communication:

- A swift turnaround from a successful interview to starting work. This is the most important, and the simplest thing to do. Constant and transparent communication both before and after employment starts, ensures a smooth and supportive experience.

### More than just reasonable adjustments:

- A proactive approach to supporting necessary adjustments during the Access to Work process, including accommodations like height-adjustable desks and headsets.
- Free and suitable parking for wheelchair access vehicles.
- Plans to alter the structure of the physical building to accommodate toileting requirements.

### Flexibility as Standard:

- Understanding the importance of flexible working times, accommodating unique needs such as later start times.
- Recognising the productivity and flexibility benefits of working from home.
- Flexible working.

### Valuing Personal Assistants (PAs):

- Deep understanding of the PA role.

### Openness to Change and Opportunities for Growth:

- Actively embracing change and being proactive in addressing needs.
- Providing avenues for promotion and adjustments to job focus.

Disability North is an organisation that values and actively listens to the needs of disabled people.

Our commitment to diversity and inclusion isn't just a statement; it's a lived reality that transforms the workplace into a space where everyone, regardless of their background or needs, can thrive and contribute meaningfully."

## KEY FINDINGS AND CONCLUSIONS

Throughout this collaborative engagement it was evident that individuals in the North of Tyne had encountered substantial challenges in securing and sustaining meaningful employment.

Key challenges for those seeking work in the region included application and interview processes (including knowing where to look for jobs and rigid views on skills and qualifications), tokenistic or misinformed attempts at inclusion and inflexible or unwelcoming workplace cultures.

Those with protected characteristics or intersectional identities such as people from black and minoritised ethnic backgrounds, those who were pregnant or had young children, those from LGBTQIA+ communities and residents living with disabilities, felt they had faced additional challenges as a result of prejudice and discrimination.

Employers noted challenges around recruiting a diverse workforce, finding the time and resource to rethink recruitment processes and fully understanding how to welcome and support a range of employees.

Despite these hurdles, there was a palpable sense of optimism, with residents and employers expressing a wealth of ideas for positive change.

Encouragingly, there was substantial alignment in the aspirations of residents and employers, with both groups looking largely for the same things. While some of the challenges mentioned are systemic, such as childcare or the benefits system, many employers demonstrated an inclination towards innovative and creative recruitment and retention approaches, actively seeking to embed compassion and inclusion into their operational frameworks, and some were already starting to do this.

Our engagement shows that the key opportunities for change in the region centre around the following 6 points:

### 1. Rethinking application and interview processes:

Change is required to move away from traditional recruitment and interview formats, in order that these processes are accessible and inclusive. This should include building compassion and flexibility into processes, supporting applicants through application processes, understanding the emotional impact it can have on job seekers and valuing the significance of meaningful feedback for applicants.

### 2. Tailored, joined-up and trauma-informed support for job seekers:

More support and training is needed to support job seekers to find jobs, apply for them and prepare for interviews. This should involve fostering early connections with the employer from the outset, so the applicant can develop a comprehensive understanding of the roles and companies.

### 3. Championing a strengths-based approach to recruitment and retention:

While there should be a recognition that some residents have faced additional challenges and will benefit from additional support, the narrative needs to be shifted so that employers focus on the strengths of individuals rather than deficits. A strengths-based approach which focuses on skills, experience and aspirations should be firmly embedded in recruitment processes and workplace cultures. Our engagement demonstrated that facing challenges often cultivates tenacity, resilience and resourcefulness in individuals, and residents were keen that this was considered by employers as an asset.

### 4. Codesigning new ways of working:

Employers and residents largely wanted the same outcomes. Those who are looking for work know what they need to make the process smoother, and more manageable and positive. There is therefore an opportunity to harness this synergy and codesign new processes directly with job seekers to make for truly inclusive and positive outcomes.

### 5. Creating inclusive workplace cultures:

Inclusive workplace cultures are fundamental to equity and diversity in the workplace and flexibility is a key component of this. If a culture is genuinely and intentionally inclusive, diversity will follow, so there is value in employers spending time to develop this.

### 6. Showcasing and sharing best practice:

Our engagement showed that our region is a hotbed of success stories in inclusive recruitment and inclusive workplaces. The assemblies demonstrated an appetite to share this information and learn from others, so there is an opportunity to leverage this knowledge and set up best practice groups in the region to develop better ways of working.

## NEXT STEPS

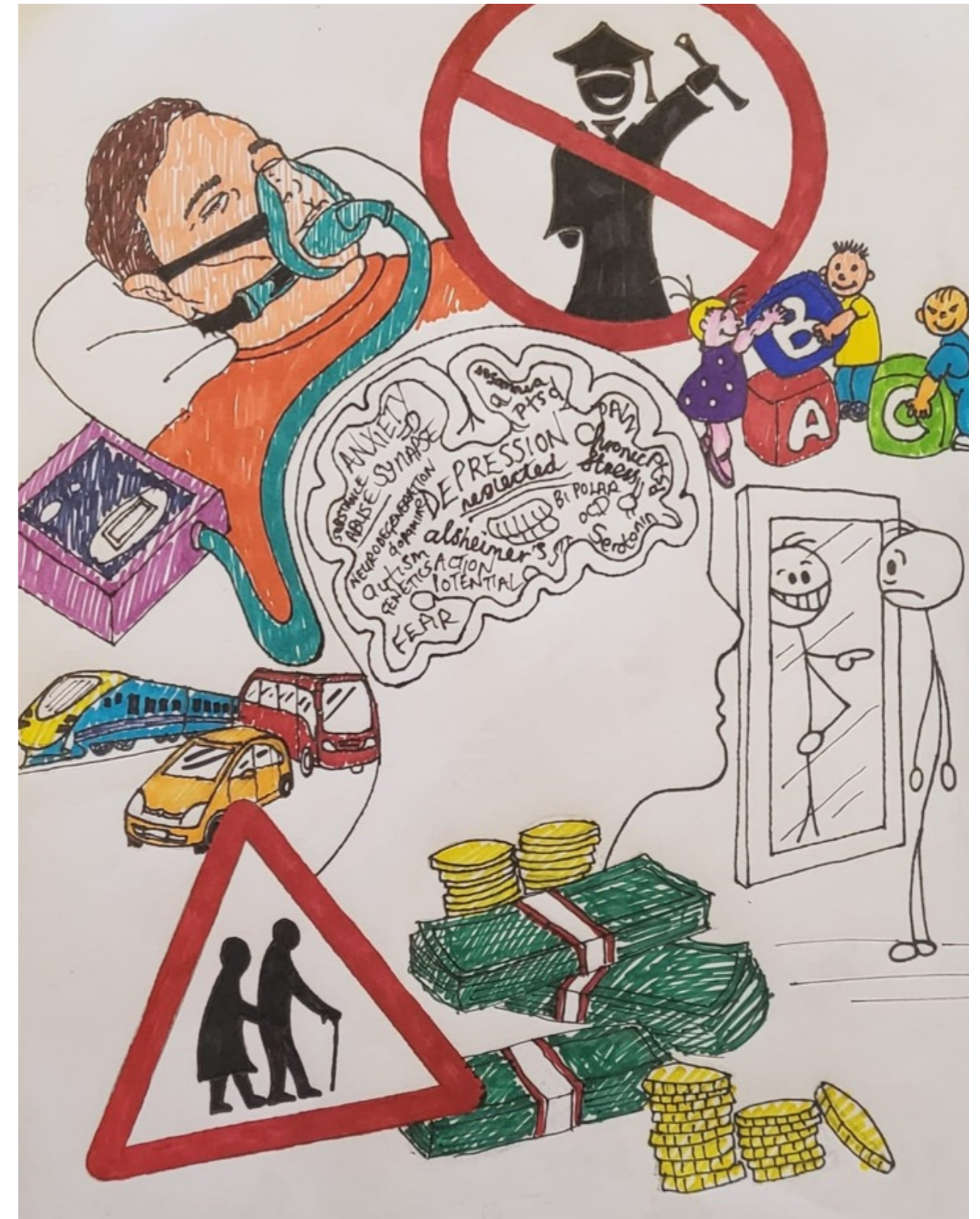
At NTCA we firmly believe in the transformative nature of good work, not just as a way of ensuring people have enough money to live, but in terms of providing opportunities for residents to feel a sense of dignity, hope, purpose and agency and we believe the opportunity to gain good work should be available to everyone. We are committed to reviewing and using this report as we continue to move towards our ambition of a more inclusive and sustainable regional economy in the context of further devolution and the new North East Mayoral Combined Authority. The shared commitment to positive change between us, residents and employers fosters a promising foundation for the advancement of more equitable and inclusive workplaces in the region.

## APPENDIX A – ART, POETRY AND WRITTEN CONTRIBUTIONS

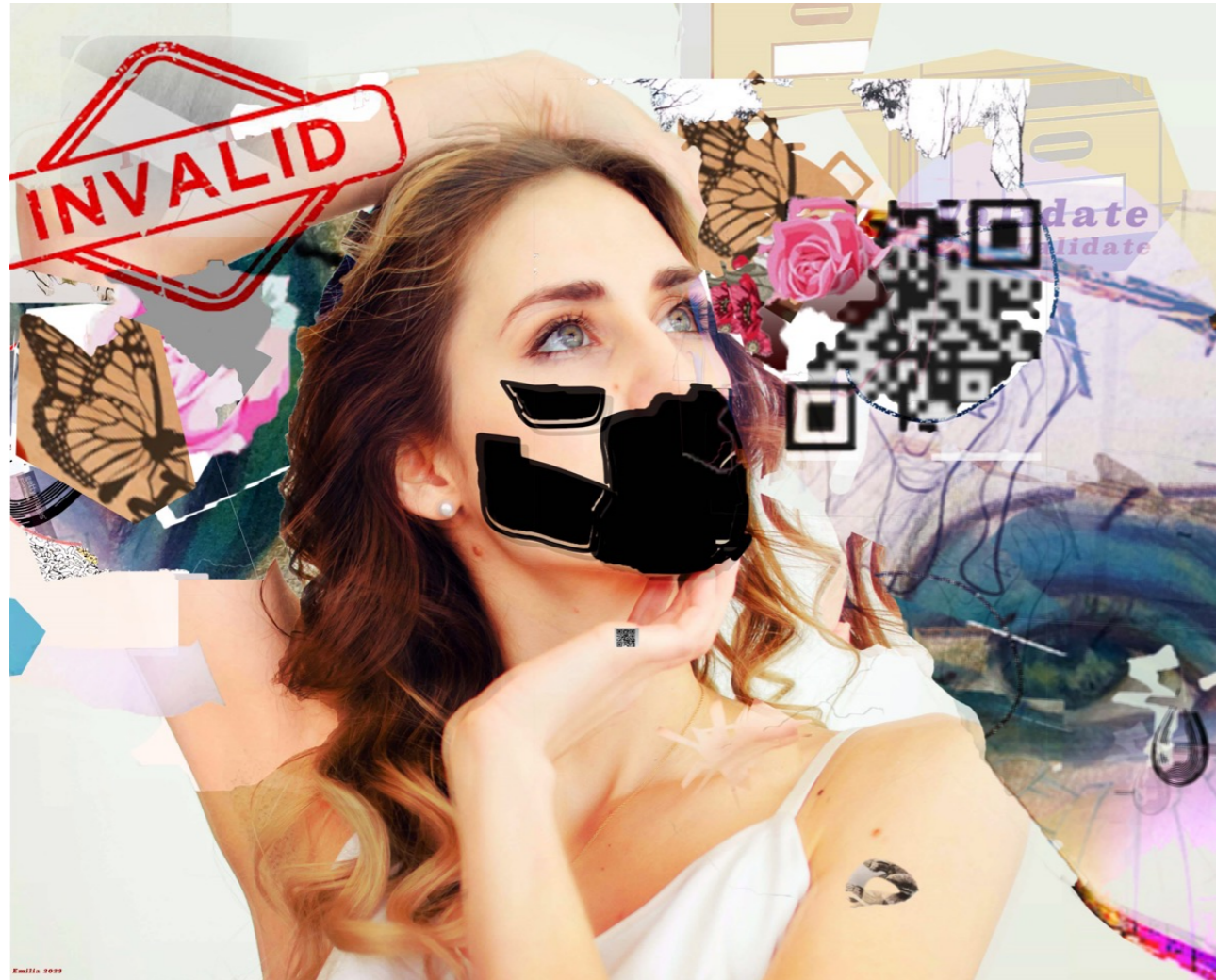
### WINGLESS BIRD

Years go by still shackled to this cage.  
 No hope of freedom, time goes by as I slowly age.  
 I stand stagnant in a world full of motion.  
 People will look at me with a preconceived notion.  
 Anxiety overwhelms still sacred of judging eyes.  
 I feel myself running back counter clockwise.  
 But not a tangible is there?  
 People will look, see nothing, and then forget to care.  
 At internal war with the mind  
 All these emotions leaving me blind.  
 Feeling like a failure with no goals complete  
 Even with this ball and chain tied to my feet.  
 Trying to yell for assistance,  
 My voice is minor, it feels non-existent.  
 I want to be liberated from this mental confinement,  
 Progressing into self-refinement.  
 Locked in a transparent barricade,  
 Trying to keep up this pretence charade.  
 Maybe this time? A hopeless dream,  
 I take a step, but fear fills my bloodstream.  
 Ears ringing, hands shaking.  
 Made up confidence suddenly breaking.  
 Back to my cage I slowly retreat,  
 Tears leaking, flowing in defeat.  
 Why am I like this? What have I done?  
 Self-deprecating thoughts that I can't outrun.  
 I raise my hands to surrender.  
 I lost to myself, the biggest contender.  
 I can't to this alone, the unfortunate reality  
 But with a bit of help I might be set free.  
 A struggling hand reaches out,  
 Isolating thoughts filled with doubt.  
 All alone, about to turn away,  
 But a light bursts out from the doorway.  
 I peer up, hope shining so bright.  
 Maybe even a wingless bird can take flight.

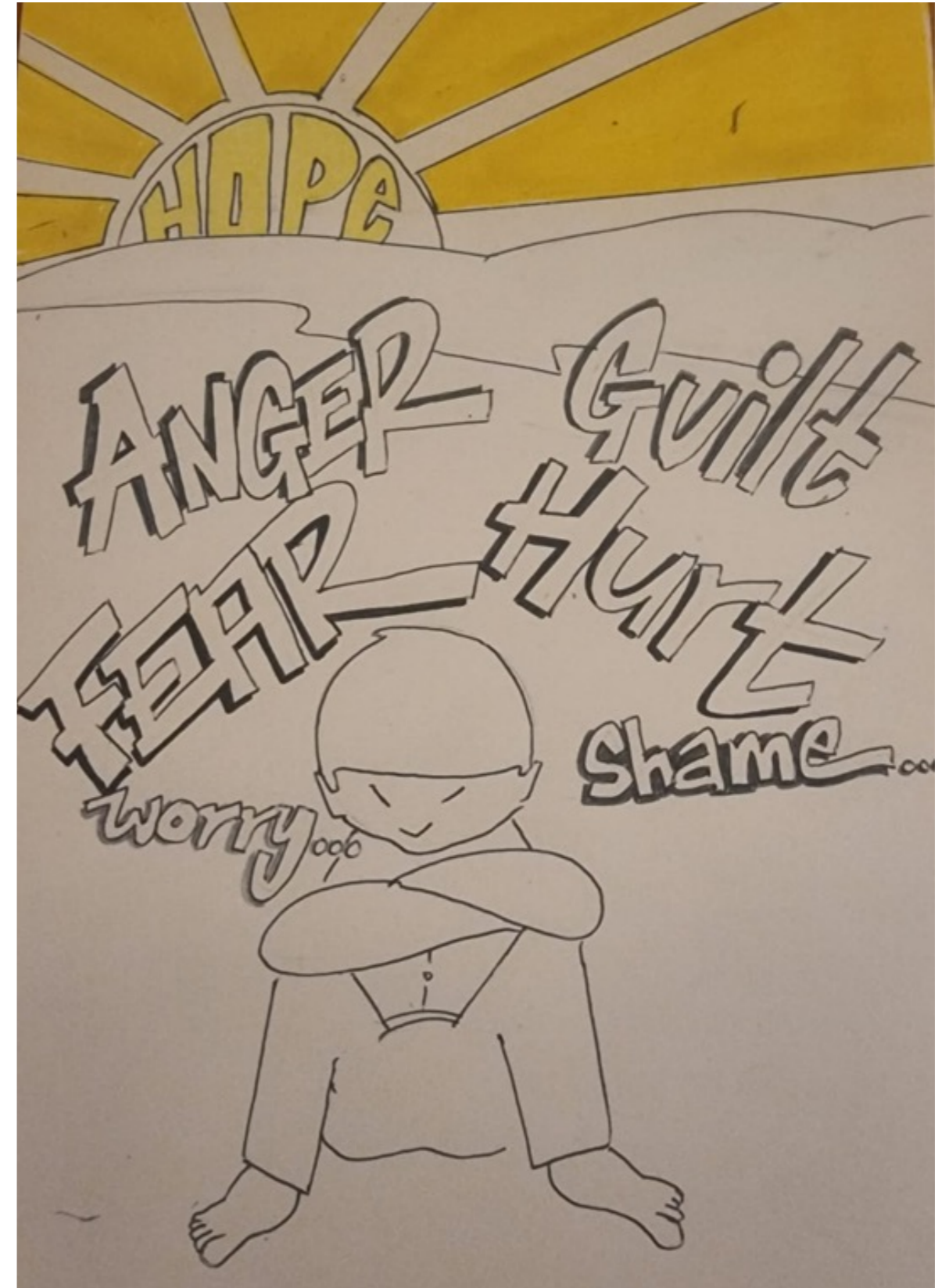
North of Tyne resident (anonymous) 2022



North of Tyne resident (anonymous) 2022



Emilia Allen, 2022



Liam P, 2022

## CASE STUDY FROM ANGELOU CENTRE

Chinara (pseudonym name) is a young mother of Nigerian descent. Chinara accessed our centre first as a survivor of sex trafficking accessing our VAWG services. After escaping this abuse, she accessed advocacy support, immigration support and had access to our counselling service. Following this Chinara was supported through many imposed barriers such as homelessness, supporting a child who is a survivor also and the inability to communicate. Due to long term abuse in Chinara's life, she was never given opportunity to learn to read or write.

Chinara's recovery also included the need for access to training and wellbeing services. Chinara was unable to access mainstream training services that had trauma informed models to support survivors in education and employment access.

Chinara, upon accessing the Angelou centre training and wellbeing services, was supported to access English basic reading and writing sessions. Chinara partook in parenting training to support mothers in parenting children who are survivors of domestic violence. Chinara would not have been able to access these services without the Angelou Centre's then childcare services. Chinara is now empowered, independent and thriving.

## CASE STUDY FROM GET AHEAD

**Male, White British, 36 years old, living in Northumberland.**

I found that addiction and mental health could potentially put barriers in place with the wrong employer. Holding it down was more the issue for me. No support given with poor mental health, felt that there was too much stigma to be able to talk about it with employers. Due to addiction getting references from previous employers can be difficult.

If overqualified it can be difficult to go into a lower level of job to get a foot in the door. This can also be a detriment if in a position and have previous experience I can find it difficult to hold back if I believe something hasn't been done correctly.

Not relying on substances or self-medicating with both alcohol & drugs would have made a difference. Also, accepting and acknowledging the warning signs. Going forward I'd be more open with potential employers to access support available.

I'd like you to know, that it's important to give people the opportunity. Without possible qualifications – life experience can be much more important. People without references can be put off from applying for things as they feel that's a sticking point straight away.

## CONTRIBUTORS

As well as the residents who generously gave their time to share their experiences and Professor Jo McBride and Dr Cat Spellman from Durham University Business School who helped with our research, workshops and data analysis, we would also like to thank the following organisations for sharing their insight and experiences:

Angelou Centre	Mental Health Concern
Being Woman	Mortal Fools
B2W Group	North East Autism Society (NEAS)
Bazaar Group	North of England Refugee Service
Bernicia	Northumberland County Council
Big River Bakery	NUFC Foundation
CBI	Oasis Community Housing
Changing Lives	ReCoCo
Collingwood Insurance	Reviving the Heart of the West End
Disability North	Support And Grow North East
Difference North East	The Millin Charity
FSM Ltd	The NTG Group
Housing Employment Network North East (HENNE)	The Spiritual Engineer
Inclusion North	The Wise Group
Ingeus	VONNE
Janine Smith Practice	YMCA North Tyneside
JET (Jobs, Education, Training)	Youth Focus North East
Justice Prince CIC	Your Homes Newcastle

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# ANNUAL EQUALITIES OBJECTIVES REPORT 2022-2023



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## OUR COMMITMENT TO EQUALITY

At the North of Tyne Combined Authority (NTCA) we are fully committed to turning our vision of an inclusive and sustainable economy into a reality.

We aim to bring together people and opportunities to create vibrant communities and a good quality of life for everyone.

This endeavour demands a collective effort to tackle the inequalities that some of our residents face daily.

Our goal is to ensure that every individual has a fair opportunity to not only participate in our economy but also to enjoy the benefits of truly inclusive economic growth.

We recognise that in the current climate, a significant proportion of our residents are denied access to opportunities that enable them to thrive and contribute meaningfully. That's why, this year, we've embarked on three critical initiatives directly aimed at addressing inequalities in our region.

**Firstly**, we've meticulously examined the state of our region and its labour market in a comprehensive report. This report scrutinises disparities through the lenses of sex, age, disability, and ethnicity. Our analysis dives deep into the most pressing issues surrounding employment, education, and training participation. It also sheds light on critical trends related to child poverty and homelessness in the North of Tyne area. 'Examining the State of our Region' is available on our website.

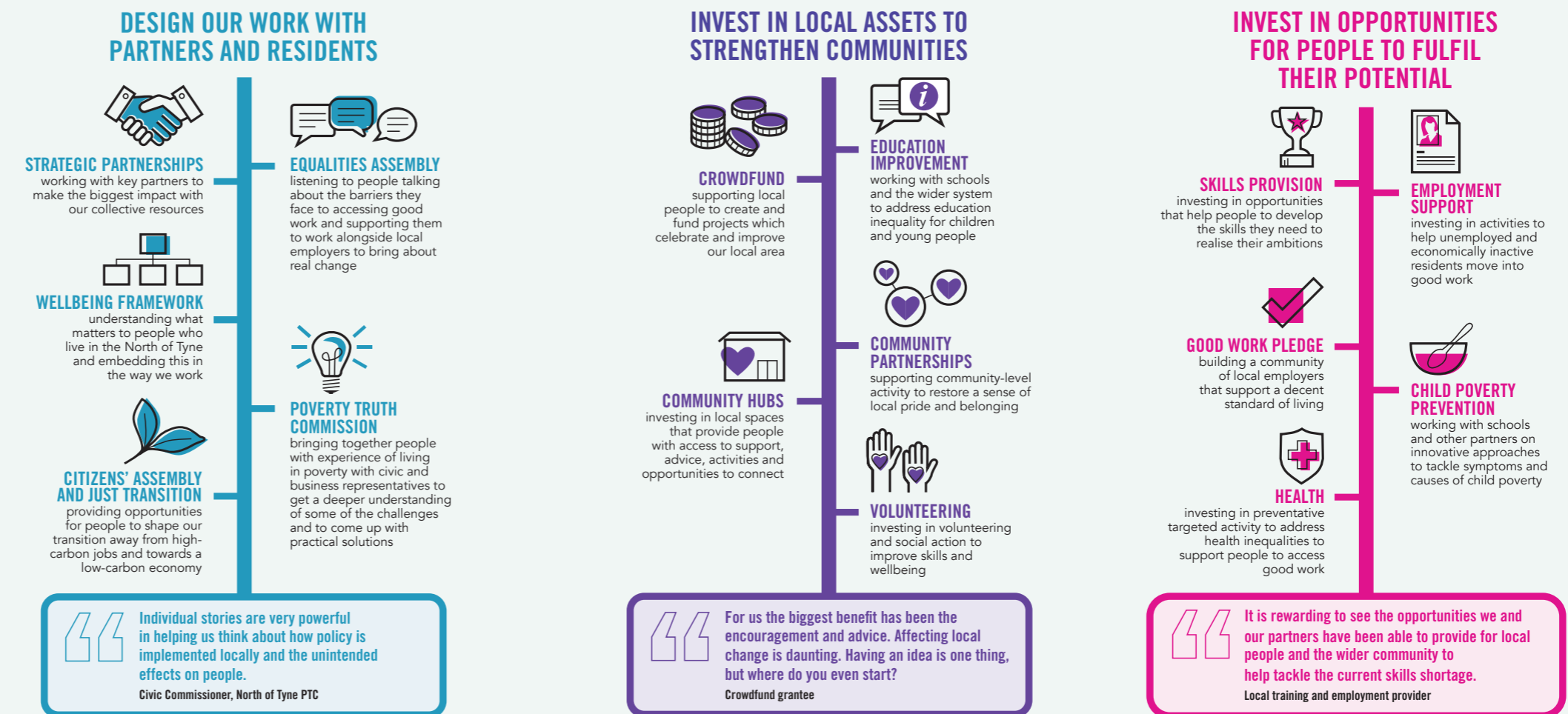
Secondly, we've hosted a series of Equalities Assemblies. These assemblies are platforms where we gather

experiences and case studies that spotlight the challenges of inequality, especially concerning 'good work' in our region. The findings so far, including opportunities for the future, are published in our second report in this series 'Open the Door a Little Wider.'

And finally, this report, our third and final Annual Equalities Objectives update before transitioning into the North East Mayoral Combined Authority (NEMCA), is a testament to our ongoing commitment to transparency and progress in the realm of equality and looks inward at how the NTCA has made progress towards our five equalities objectives during 2022-2023.

Our hope is that this work will position us well and serve as the cornerstone on which we construct our vision and strategy for a better future on the eve of further devolution and our transition to become the North East Mayoral Combined Authority (NEMCA).

### An overview of key NTCA inclusive economy activity



## OUR EQUALITIES OBJECTIVES



- 1 Objective 1:** Work force diversity: We have a diverse team that reflects the demography of our area, including targets for representation from groups with protected characteristics.
- 2 Objective 2:** Staff confidence: To improve the confidence of NTCA staff in relation to equalities, ensuring staff feel included and we have collective zero tolerance to all forms of discrimination.
- 3 Objective 3:** Employment levels amongst disadvantaged groups: To increase the % of women, single parents, ethnic minorities, and Disabled or Deaf residents in our jobs and skills programmes by 2% over 2 years.
- 4 Objective 4:** To reduce the prevalence of in-work poverty within the North of Tyne by 5% by June 2025, with specific focus on women, workers from people from minoritised ethnic backgrounds and Disabled or Deaf residents.
- 5 Objective 5:** Co-production and Co-design: 15% of all products and projects in NTCA to be co-designed or co-produced by June 2023.

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Each year the NTCA reports on five Equalities Objectives which were approved by our Cabinet in June 2021. The Equalities Objectives align with the Public Sector Equalities Duty which requires public authorities to consider the principles of the Equality Act 2010, which entail eradicating discrimination, promoting equal opportunities, and fostering positive relations among diverse groups.

NTCA worked closely with the Equality and Human Rights Commission (EHRC) to craft objectives that align with national best practices and local priorities. These objectives look inward, addressing both the responsibilities and expectations of our staff, as well as looking outward to our aspirations for creating a more inclusive economy in the North of Tyne.

Furthermore, NTCA formally integrated the socio-economic duty into our equalities and diversity policy, committing us to additional responsibilities concerning

poverty and inequality under Section 1 of the 2010 Equality Act. As a public authority, we recognize that low or unstable income and living in deprived areas significantly affect people’s life prospects in terms of employment, education, and health. Our equality objectives represent a public declaration of our understanding of these issues and underscore NTCA’s accountability in delivering initiatives that empower those who face the greatest barriers to participation in the North of Tyne.

This report shows progress against each objective, including performance measures and key indicators and information highlighting the activities we’ve undertaken to meet the objective.

## PROGRESS: EQUALITY OBJECTIVE 1



**Objective 1: Work force diversity:** We have a diverse team that reflects the demography of our area, including targets for representation from groups with protected characteristics.

### Performance measures and key indicators

NTCA currently employs 143 members of staff. The tables below compare the composition of the NTCA staff team with the wider North of Tyne community to identify how well we reflect everyone across our area. 2021 and 2022 figures have been included for comparison.

	NTCA 2021	NTCA 2022	NTCA 2023	NORTH OF TYNE AVERAGE (AGED 16-64)
<b>SEX</b>				
Male workers	39.7%	33.8%	38%	49.4%
Female workers	60.3%	66.2%	62%	50.6%
<b>ETHNICITY</b>				
White	89.7%	92%	87%	92.2%
Ethnic minority (excluding white minority groups)	10.3%	3.9%	2.8%	7.8%
Non declared/ prefer not to say	0	3.9%	10.2%	n/a
<b>DISABILITY</b>				
Disability	3.4%	1.3%	2%	17.7%
No declared disability	96.6%	92.2%	88%	82.3%
Prefer not to say	0	6.5%	10%	n/a

This data shows that there are opportunities for the NTCA to build a more diverse workforce and that our workforce may not currently be representative of the wider North of Tyne community, although this is difficult to say for sure, with 10% of staff this year choosing not to share their ethnicity or whether they have a disability. The NTCA has become more diverse in the last year, in terms of staff with disabilities, and while there appears to be under-representation of people with a declared disability within our workforce, we know these results do not present a full picture. Based on informal discussions with staff we believe we are closer in representation to the area average.

We are committed to improving the data we collect about our staff and are planning to review this in the hope that we can begin to report on a wider range of characteristics such as gender identity, so that we can better understand our people and proactively build a more inclusive work environment.

### What are we doing to meet this objective?

We operate a number of guaranteed interview schemes where applicants who are disabled and meet all of the essential criteria for the role will be shortlisted for interview.

We also guarantee an interview for applicants who have just left the Armed Forces and meet all of the essential criteria for the role.

We are currently reviewing our recruitment processes including making the application stage more accessible.

We are also committed to publishing our gender pay gap on an annual basis. The gender pay gap is a measure of disparity in pay between the average earnings of men and women in the same organisation. This is separate to the issue of equal pay which refers to differences in pay between men and women for work which is defined as equal. Our gender pay gap figure will be published in May 2024.

## PROGRESS: EQUALITY OBJECTIVE 2



**Objective 2: Staff confidence:** To improve the confidence of NTCA staff in relation to equalities, ensuring staff feel included and we have collective zero tolerance to all forms of discrimination.

**Performance measures and key indicators**

NTCA has recently been honoured with the 'Great Place to Work' award. 100% of staff who took part in a survey reported that they believe they are treated fairly, regardless of their gender, race, sexual orientation or socio-economic background.

Each year we carry out a staff survey which asks specifically about staff confidence with regards to equalities and how staff feel about tolerance and discrimination within the organisation. When asked how confident they are that their work (including any programmes they may manage) is equitable and inclusive, staff responded positively at an average rate of 4/5. When asked how confident are you with applying equalities in your day to day work, staff responded positively at an average rate of 4.35 out of 5. When asked are you satisfied that you can be yourself at work, and that you feel part of your team? Staff responded positively at a rate of 4.14/5. The questions asked were worded slightly differently from the previous year's survey, making a direct comparison difficult, but the results seem to be very similar to the previous year.

**What are we doing to meet this objective?**

Looking inward at our own processes and policies, we provide a Wellbeing and Employee Assistance Programme which provides support to employees on issues such as mental and emotional wellbeing with self-help workbooks and face to face counselling.

NTCA's Ways of Working Group provides an opportunity for staff to help shape the culture of the organisation. Members of the group facilitated two drop-in sessions inviting colleagues to share their insights, concerns and ideas. All suggestions were reported back, anonymously, to NTCA's Senior Management Team for consideration and action.

We also have comprehensive policies and guidance on our HR Intranet designed to support employees with protected characteristics such as Making Reasonable Adjustments, Medical Redeployment, Maternity policy and Supporting Trans Employees.

In terms of staff confidence around how to apply equalities in their day-to-day work, we continue to provide training and support on equality impact assessments. Equality Impact Assessments (EIAs) provide NTCA with an opportunity to meet our legal obligations under the Public Sector Equality Duty. We have recently carried out a staff survey on this process to identify opportunities to further embed promoting equality and inclusion in everything we do.



## PROGRESS: EQUALITY OBJECTIVE 3



**Objective 3: Employment levels amongst disadvantaged groups:** To increase the % of women, single parents, ethnic minorities, and Disabled or Deaf residents in our jobs and skills programmes by 2% over 2 years.

**Performance measures and key indicators**

To model our original projections for this objective, we used Adult Education Budget (AEB) data. AEB provision has a clear focus on progression to employment. The table below demonstrates our progress over this time period.

	2020-1 ACADEMIC YEAR NUMBER OF ENROLMENTS AND %	2021-2 ACADEMIC YEAR NUMBER OF ENROLMENTS AND %	2022-3 ACADEMIC YEAR NUMBER OF ENROLMENTS AND %	OVERALL CHANGE SINCE 2020-1
Learning difficulty/disability	2,950 (16%)	6,545 (20%)	7,757 (22%)	+6ppts
People from minoritised ethnic backgrounds	7,705 (42%)	14,511 (45%)	16,407 (47%)	+5ppts
Female learners	10,804 (60%)	18,810 (57%)	19,728 (56%)	-4ppts

NTCA's progress against this target paints a mixed picture. Overall, the number of enrolments undertaken by each individual group of learners has seen a year-on-year increase.

The most noticeable progress over the past two years is amongst learners with learning difficulties/disabilities and those from people from minoritised ethnic backgrounds. The number of enrolments undertaken by these groups has more than doubled from 2020/21; this equates to a 6 and 5 percentage point increase respectively. The increase in the enrolments by learners from minoritised ethnic groups may be reflective of the year-on-year increase in the demand for ESOL provision.

The number of enrolments undertaken by young people and female learners has almost doubled since 2020/21. Despite the increasing enrolments, these groups make up proportionately less of the overall cohort in the 2022/23 academic year.

**WHAT ARE WE DOING TO MEET THIS OBJECTIVE?**

**1. Inclusive employability initiatives**

The North of Tyne Combined Authority (NTCA) Employability Plan sets out our ambitions for a thriving economy which provides opportunities for all of our residents to achieve their aspirations and the top priority in our employability plan is to provide targeted employment support for those who are most

disadvantaged. This includes targeted provision for young people, for older workers, for ethnic minority groups, ex-offenders or other priority groups.

The Employability and Skills Programme is match funded by the NTCA Investment Fund and the European Social Fund (ESF), and consists of four projects that target provision towards priority resident groups, as follows:

**Diversity NE**, delivered by the North East Autism Society (NEAS), supports people who are neurodivergent or have a learning need, to increase their economic engagement and improve their prospects of obtaining and progressing in employment.

**Get Ahead North of Tyne**, delivered by Changing Lives, provides tailored support to people with multiple and complex barriers to move into job search and/or gain employment.

**Northern Directions**, delivered by Groundwork NE and Cumbria, supports not in employment, education or training (NEET) young people aged 16-24 to move into employment, and provides them with learning and development opportunities.

**North East Skills Hub (Build NE)**, delivered by Gateshead College, supports long-term unemployed/economically inactive people to tackle barriers to work, concentrating on engineering & manufacturing technologies and women in construction.

## CASE STUDY: MAKING CREATIVITY WORKS

In line with our objective to increase employment levels among disadvantaged groups, this year, NTCA has part funded a programme delivered by Signpost Productions and Beacon Films, two North-East production companies that work with Deaf, hearing, Disabled and non-Disabled screen creatives. Making Creativity Works is a skills training course which offers over 100 hours of free hands-on training that equips learners with the skills and knowledge they need to develop a career in film, television or video production. There's a particular call to work with people who identify as disabled or deaf, are economically inactive or unemployed or learners who are close to completing their studies.

*"I found it inspiring to work alongside such a diverse range of people. I'm neurodivergent and it's been great to be able to train in a workplace where I see so many other people who are just like me."*  
**Rebecca – Making Creativity Works student**

[https://www.youtube.com/watch?v=Go\\_4selTe8Y](https://www.youtube.com/watch?v=Go_4selTe8Y)



### 2. Developing a deep understanding of barriers to good work

The NTCA passionately believes in the transformative nature of good work. The opportunity to gain and keep a good job helps to address not only economic inequality, but also influences social, cultural, and civic dimensions of society, ultimately helping to build more inclusive and vibrant communities. We believe that turning this vision into a reality involves developing a deep understanding of the inequalities that some of our residents face daily and a shared commitment from those involved across the system, which is why we've been running equalities assemblies for employers and residents this year. The key findings are published in our report 'Open the door a little wider.'

Our equalities assemblies have told us that the challenges surrounding inequality in the region are manifold and have encouraged us to think of equality as being wider than the legal protected characteristics.

For example, we will continue to work with those with neurodivergence, those with caring responsibilities and prison and care leavers. Our Return-to-Work Carers project has provided employability support to over 140 carers since its launch, enabling them to return to employment, education or training.

### 3. Skills and training for diverse learners

We passionately believe that skills and training play an important part in employment levels among disadvantaged groups. As part of our wider adult education programme, this year, the NTCA has part funded a programme delivered by the North Tyneside Adult Learning Service to provide English language support for individuals living in the borough as part of the Homes for Ukraine Scheme, with mind to creating more opportunities for them to find and keep good work. English conversation classes offered a relaxed and friendly environment for Ukrainians to develop their English skills to help them feel more connected to the region. Initial classes proved popular, and the commitment shown by the Ukrainian learners resulted in the group winning the learning group of the year at the Adult Learning Awards in October 2022.

The initiative expanded and in 2022/2023 almost 300 people enrolled to develop speaking and listening skills including 46 learners progressing to achieve English for Speakers of Other Languages (ESOL) qualifications.



Learning Group of the Year at our Adult Learning Awards in October 2022

Similarly, we have provided funding to JET in this year, who are a delivery partner on one of our UKSPF People and Skills Projects. JET was originally established in 2001 as part of Newcastle City Council's ESOL (English for Speakers of other Languages) service and then became a registered charity, helping those from settled ethnic backgrounds in the City or newly arrived in the UK, to overcome some of the challenges they faced in searching for work. JET are providing mentoring, employability skills training and ESOL classes.

## PROGRESS: EQUALITY OBJECTIVE 4

**Objective 4:** To reduce the prevalence of in-work poverty within the North of Tyne by 5% by June 2025, with specific focus on women, workers from people from minoritised ethnic backgrounds and disabled or Deaf residents.

### Performance measures and key indicators

In-work poverty is a challenge for our region and some groups of residents are disproportionately affected by this issue. Due to the different approaches available to measuring in-work poverty, comparing trends over time is complex.

Our 2021-22 annual report examined the changes in the levels of employee jobs with pay below the living wage to provide an understanding around in-work poverty across the North of Tyne. However, as the relevant 2023 data was not available at the time of this report's production, it was not possible to compare against last year's data. Instead, this report approaches in-work poverty mainly through the lens of in-work Universal Credit claimant trends. Additional insights collected through other NTCA programmes have also been incorporated in the analysis to provide context.

These indicators can help to understand some of the characteristics of in-work poverty; however, when used alone, they cannot provide the full picture and scale of this issue. In order to assess how in-work poverty has evolved over recent years, additional metrics should be used, for which the North of Tyne data is limited.

Over the last 18 months, the rising cost of living has outstripped wage growth creating financial pressure on working individuals and families and challenges to the NTCA Equality Objectives.

A recent survey that took place between May 2022 and July 2023, commissioned by NTCA as part of the Child Poverty Prevention Programme revealed that 20% of workers surveyed in the North of Tyne cannot afford essentials each month; 21% of respondents said that their financial situation is affecting their work. The findings are based on 1,518 respondents in the North of Tyne.

Despite the economic headwinds, there are around 1,500 fewer residents in employment and claiming Universal Credit than at this point last year (September 2022); there was a much bigger decrease amongst male claimants (down by 1,402) compared to females (down by 106).

Nonetheless, the number of North of Tyne residents who are in employment and claiming Universal Credit support to supplement their income is still high (over 29,800 people). That is 6% of the North of Tyne working age population and 8% of those in employment.

It is also much higher compared to September 2018 (by over 21,400 more claimants). Around 65% of the claimants are female. This group has also seen a bigger increase since 2018 compared to their male counterparts.

44% of people have been claiming support for 3 years and more and the number of long-term claimants has been growing over the recent years.

## WHAT ARE WE DOING TO MEET THIS OBJECTIVE?

### 1. A focus on good work

Our Good Work Pledge (GWP) initiative aims to reduce the prevalence of in-work poverty by requiring all signatories to pay a fair and decent wage, including achievement or commitment to pay the Real Living Wage to employees and those within their supply chains. There is also a focus within the good work pledge on inclusive practice, that allows better access to work and fairness in rights and conditions for all workers. Over 40 organisations have signed up to the GWP so far this year.

### 2. Employer engagement through the Child Poverty Prevention Programme

Building on this, NTCA's child poverty prevention programme engages with employers to help them develop and implement poverty reduction strategies in the workplace. Employers are supported to better understand in-work poverty and in-work benefits, and organisations undergo an employee financial wellbeing survey which helps to inform their poverty reduction strategy and action plan. To date 33 employers across the North of Tyne have taken part in the employee survey and have developed or are in the process of developing their poverty reduction strategy. This has resulted in a wide breadth of responses impacting on residents working within those organisations – for example changes to the ways employee contracts are administered, changes to recruitment practices, access to showers and private spaces within the workplace, the provision of employee assistance, 1 to 1 support for staff and review of flexible working arrangements.

**3. Working towards stronger and more inclusive communities**

We recognise, that for those who are working and living in poverty, the voluntary, community and social enterprise sectors often act as a lifeline, and we have provided £5.5million of funding to support the voluntary sector through our Community Partnerships and Volunteering and Social Action programmes.

Crowdfund North of Tyne has also provided funding to groups working to address the causes and consequences of poverty in their communities, including food poverty initiatives, community gardens (for growing food), winter wellbeing hubs, community bakeries and food parcel distribution.

The Crowdfund North of Tyne fund criteria recognises that some groups of people, such as women, people from people from minoritised ethnic backgrounds and Disabled or Deaf residents, face additional challenges and therefore has a clear focus on inclusivity and over 60 projects have successfully pitched for funding since the launch in 2019, with many of those specifically from groups facing multiple disadvantages, such as beach wheelchairs, theatre groups for deaf young people, a choir for singers with learning difficulties, a gaming group for people with neurodivergence and a community garden for people seeking sanctuary in the region.

**4. Upskilling as part of the road out of in-work poverty**

Skills Bootcamps are another initiative we are running to help reduce the prevalence of in work poverty. They are free, flexible courses of up to 16 weeks for adults aged 19 or over who are either in work, self-employed, recently unemployed or returning to work after a break. They aim to secure benefits for unemployed adults by giving them access to in-demand skills training and a guaranteed interview, and for in work adults a more sustainable, higher skilled job and higher wages over time.

During FY 2022-23 over 200 Skills Bootcamps were delivered engaging 1467 learner starts across a range of sectors. There have been 1,051 successful learner completions to date, with 54% of completers securing positive outcomes. These include entry into employment because of the Skills Bootcamp or gained promotion or new job role within a learner's current employment.

NTCA will continue to support residents to access good quality employment thanks to a second grant funding agreement secured from the DfE to support the delivery of Wave 4 Skills Bootcamps in FY 2023-24.



North East Deaf Youth Theatre



Blyth Fest



Northern Notes (LD North East)



Scotswood Garden



Skills bootcamp at the Cluny 2

## PROGRESS: EQUALITY OBJECTIVE 5

**Objective 5: Co-production and Co-design:** 15% of all products and projects in NTCA to be co-designed or co-produced by June 2023.

**Performance measures and key indicators (include data and summary here)**

In line with good practice NTCA uses the ladder of participation to understand the role community consultation and engagement can play in different projects and activities. Projects are co-produced or co-designed in a number of different ways, including through use of online platforms such as NextDoor and Common Place.

### WHAT ARE WE DOING TO MEET THIS OBJECTIVE?

Our communities have valuable knowledge, skills and connections. They are well placed to help us identify and respond to many of the challenges we face. Co-production is therefore recognised within the NTCA as a form of best practice to ensure meaningful involvement with partners and/or residents.

Our progress towards this objective is largely positive, with the vast majority of our work being designed in partnership with key stakeholders, such as local authorities, employers and the VCSE sector. As a partnership organisation we continue to work in active collaboration with our local authorities, stakeholders and delivery partners.

We've recently supported work with Newcastle City Council on a Coproduction strategy for Adult Social Care. Through this work we've been attending strategy sessions and will be facilitating co-production insight events. This insight is also intended to inform work as we transition to become NEMCA.

We have also collaborated with academics at Northumbria University to create a method connecting researchers, policymakers, and public management professionals. Inspired by the UK government's Areas of Research Interest (ARI), we developed our first ARI focused on Citizen Engagement and Connected Communities. This initiative seeks ideas from researchers, policymakers, and professionals in areas such as how to invite resident input for shaping policies and programs, and how to support community-led activities that enhance relationships and trust within and between communities.



Thoughtful approaches to community engagement



Amplifying community voices



Celebrating success

### CASE STUDY: COMMUNITY PARTNERSHIPS – AMPLIFYING COMMUNITY VOICES AND THE VALUE OF MEANINGFUL CO-PRODUCTION

Diving deep into community empowerment, NTCA is working with our three constituent Local Authorities to pioneer the establishment of three vibrant Community Partnerships strategically positioned in areas grappling with high deprivation, limited civic engagement, and an under-resourced voluntary, community, and social enterprise (VCSE) sector. These dynamic partnerships are not just about funding; they're about amplifying community voices and fortifying social bonds. With a focus on enhancing social capital and civic action, our Community Partnerships embody the essence of grassroots involvement. A pivotal objective is to create opportunities for residents to actively shape and influence decisions for their own neighbourhoods. Our commitment to community representation extends to having residents as decision-makers on funding panels, ensuring that the power to shape the future stays firmly in the hands of those who call these neighbourhoods home.

### CONCLUSION

It is with pride, that the North of Tyne Combined Authority persists in working towards a more inclusive economy and in building a more inclusive workplace for staff, amid a challenging regional landscape. Many of our programmes and initiatives during 2023 have prioritised tackling inequality, in line with our agreed Equalities Objectives.

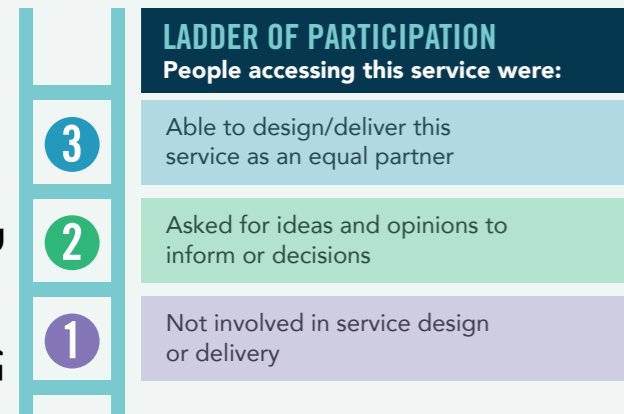
We recognise the value of a diverse workforce and will continue our efforts to attract a more diverse range of candidates and make our workplace even more inclusive.

Our commitment extends to empowering more women, residents from people from minoritised ethnic backgrounds, and individuals with disabilities on the path toward well-paid, secure employment, consistent with our aspirations for promoting good work in the region and we are happy to note increased enrolments on our AEB programmes from these groups.

We are proud of the multitude of initiatives we are running with employers, residents and communities, which focus specifically on reducing the prevalence of in-work poverty in our region and will continue this unwavering focus on poverty and inequality in all their forms.

And finally, we believe that working directly with communities ensures that initiatives are tailored to local needs, fostering greater relevance, trust and community ownership. Meaningful co-production harnesses diverse perspectives leading to more effective and sustainable solutions and stronger, more connected communities, which is why we continue to focus on aiming for genuine and inclusive methods of coproduction, like our Equalities Assemblies.

When asked about co-design and co-production with service users at the start of 2024, 42 projects were listed by colleagues as having been co-designed (rung 2 on the ladder) or co-produced (rung 3) in the previous year. This represents 55% of the total responses and is roughly 40% of our total projects (we are currently running 107 projects).



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### Report Summary

The purpose of this report is to provide an update on provision that has been delivered through the devolved Adult Education Budget (AEB) for the 6-month period from 1 August 2023 to 6 February 2024. It sets out the adult education opportunities that have been created for North of Tyne Combined Authority (NTCA) residents during the first half of this academic year (AY) and outlines next steps in terms of managing AEB delivery for the remainder of this AY 2023-24.

NTCA took control of the devolved Adult Education Budget on 1 August 2020. Since then, the government has devolved approximately £95.4m to the Combined Authority, enabling adult learning priorities to be determined at a local level. Since 2021 a further £5.6m has been delegated to support the delivery of the Level 3 Free Courses for Jobs provision.

Analysis of delivery data in AY 2023-24 for the 6-month period from 1 August 2023 to 6 February 2024 demonstrates that the devolved AEB continues to support delivery of [NTCA's Strategic Skills Plan](#) and the [NTCA Corporate Plan 2023-24](#).

**Over 22,500 enrolment opportunities have been delivered** or are being undertaken. NTCA's devolved AEB investment continues to reach residents most disadvantaged in terms of poverty and skills. (50%) of enrolments are being undertaken by residents with a home postcode in the top 10% deprived wards across NTCA. 13,071 (62%) of enrolments are undertaken by residents with no or low qualifications.

NTCA providers continue to establish a wide range of provision to support unemployed residents to meet individual and employer needs across the NTCA region. **(76%) of AEB opportunities are being undertaken by unemployed residents**, with 69% of these residents unemployed and actively looking for work.

Devolution of AEB continues to provide an opportunity to make commissioning decisions on an area focused and forward-looking basis. Our ambition is to continue to improve the impact of AEB in the NTCA region and during AY2023-24, we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high-quality provision that responds to the needs of our residents and employers.

### Recommendations

The Cabinet is recommended to:

1. Note the progress which has been made in terms of AEB delivery for the first half of the academic year (AY) 2023-24 and endorse the approach to managing AEB delivery for the remainder of this AY.

## A. Context

### 1 Background

- 1.1 NTCA's devolved AEB for the period 1 August 2023 to 31 July 2024 is £23,883,630 plus an additional £1,676,891 for the delegated Level 3 Free Courses for Jobs offer. Bringing the total AEB for AY 2023-24 to £25,560,521.
- 1.2 The NTCA has successfully managed the devolved Adult Education Budget (AEB) for NTCA residents and employers since the beginning of August 2020. Since then, the government has devolved approximately £95.4m to the Combined Authority, enabling adult learning priorities to be determined at a local level and providing over 116,000 enrolment opportunities to date.
- 1.3 Devolution of the AEB has enabled NTCA to strengthen the strategic focus of skills provision across the Combined Authority area. We have built on our approach of creating close collaborations, bringing together employers, colleges, training providers, local commissioners and the VSCE sector to construct a skills offer which focuses on achieving outcomes directly linked to local labour market needs.
- 1.4 The COVID-19 pandemic, the current economic climate and cost of living crisis has meant that we have had to adapt to shifting priorities and needs across the region. NTCA have worked with AEB providers to align provision to these shifting priorities. We have made effective use of the flexibilities afforded by devolution in relation to funding rules, rates, and eligibility criteria to ensure the AEB funding can be targeted where it is needed most.

### 2 Review of AEB delivery data from 1 August 2023 to 4 February 2024

- 2.1 Through the NTCA Scheme of Delegation for devolved AEB, 100% (including 3% for administration costs) of the allocation for AY 2023-24 including the delegated funds for the Level 3 Free Courses for Jobs offer has been allocated through extensions to Grant Funding Agreements and procured Contract for Services. A detailed list of NTCA's AEB providers and funding allocations for AY 2023-24 is included in Appendix 1 of this report.
- 2.2 In the 6-month period from 1<sup>st</sup> August 2023 to 4<sup>th</sup> February 2024 over 22,500 enrolment opportunities have been delivered or are being undertaken. Table 1 illustrates the overall number of enrolments by Local Authority area and funding model.

**Table 1**

Enrolments by Local Authority	R06 - Feb 2024		
	AEB Adult Skills	Community Learning	Total
Newcastle	10,819	2,647	13,466
North Tyneside	3,392	908	4,300
Northumberland	4,332	415	4,747
<b>Total</b>	<b>18,543</b>	<b>3,970</b>	<b>22,513</b>

#### Community Learning

- 2.3 3,970 (18%) of enrolments are being delivered as non-accredited Community Learning. The principal purpose of informal Community Learning is to develop skills, confidence, motivation and resilience of adults of different ages and backgrounds in order to progress towards formal learning or employment and/or, improve their health and well-being, including mental health and/or, develop stronger communities.

2.4 Data collection and reporting related to Community Learning provision has changed significantly in AY 2023-24 to reflect the principal purpose set out in paragraph 2.3 above, and to better understand the main objectives of this informal provision. Community Learning courses are now delivered and reported under the 7 delivery strands. Table 2 below illustrates the number of enrolments delivered by NTCA Community Learning providers under each strand.

**Table 2**

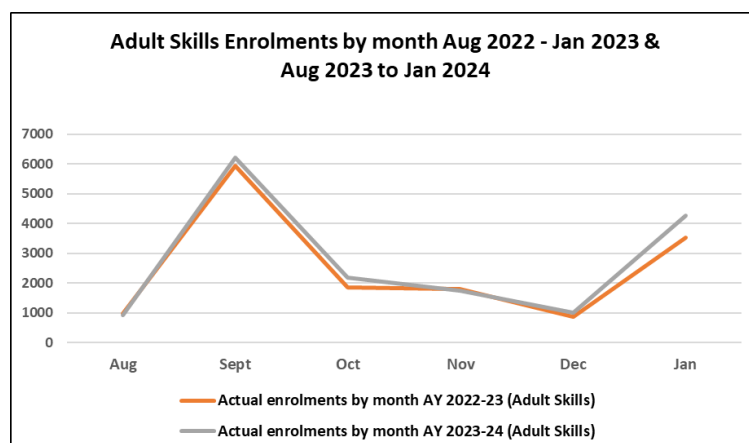
Community Learning Delivery Strand	R06 - Feb 2024	
	Enrolments	%
1 - Engaging and/or building confidence	761	19%
2 - Preparation for further learning	1,090	27%
3 - Preparation for employment	554	14%
4 - Improved essential skills including English, ESOL, maths and digital.	714	18%
5 - Equipping parents/carers to support children's learning	152	4%
6 - Improved/maintained health and/or social well being	371	9%
7 - Provision to develop stronger communities	328	8%
Total	3,970	

- 2.5 NTCA continue to recognise the value and positive impact that informal non-accredited community learning can have. It provides outreach into disadvantaged communities, wrap around support and training to enable learners to succeed and progress.
- 2.6 Most of the Community Learning provision is delivered by constituent Local Authority providers who utilise community venues and have made use of the flexibilities afforded by devolution of AEB to ensure the funding can be targeted where it is needed most and ensure provision accessible for residents in communities outside of urban centres.
- 2.7 The success of programmes being delivered as Community Learning cannot be understated. Procured contract for service providers also deliver targeted niche provision aimed at residents who are most at risk of being left behind in terms of education and work opportunities. Programmes range from 'catering academies', basic and digital skills using the medium of film and production and courses specifically designed to maximise residents' entrepreneurial skills for self-employment and social enterprise.

**Adult Skills Provision**

2.8 18,543 (82%) of enrolments are being delivered as Adult Skills provision. Enrolment patterns during the first 6-month period August 2023 to February 2024 are very similar to the previous academic year with peaks in September and January as expected. Chart 1 below compares the number of courses started by month from August 2023 to January 2024, with the previous period in AY 2022-23.

**Chart 1**



- 2.9 NTCA are working closely with providers to align the Adult Skills offer to wider skills investments such as Skills Bootcamps and to promote collaboration with employers in designing courses to meet skills shortages and employment vacancies.
- 2.10 Providers have responded well and developed routes into sectors such as Construction, Rail Track Maintenance, Transportation and Warehousing, Welding and Engineering and Manufacturing Technology.
- 2.11 NTCA has also undertaken further commissioning to increase the range of qualifications in the Level 3 Free Courses for Jobs offer. 322 residents are currently engaged in this offer undertaking level 3 qualifications in areas such as Adult Care, Teaching & Learning, Vehicle Maintenance and Advanced Diplomas in Electrical Installation. The Level 3 offer also includes technical certificates in green construction methods, developing skills to work with heat pump technology.
- 2.12 In the first 6 months of AY 2023-24 NTCA has supported the delivery of over 5,100 ESOL learning aims (enrolment opportunities). This provision currently utilises circa £2.3m of the devolved AEB, demand is growing, and most learners have no formal qualifications and start provision at an extremely low starting point with some illiterate in their own language.
- 2.13 We are working with the provider base and DWP to maximise provision available, progressing some ESOL learners more efficiently, and sourcing alternative funding for those that are furthest away from the labour market and may be accessing provision for social inclusion. We will continue to monitor this demand and keep Cabinet updated.
- 2.14 Further detailed analysis of the 6-month delivery data is included in Appendix 2 of this report. The analysis demonstrates that the AEB continues to support delivery of [NTCA's Strategic Skills Plan](#) and the [NTCA Corporate Plan 2023-24](#).

### **3 Profile of residents engaged in AEB to 4 Feb 2024**

- 3.1 The AEB investment continues to reach residents most disadvantaged in terms of poverty and skills. (50%) of enrolments are being undertaken by residents with a home postcode in the top 10% deprived wards across NTCA. 13,071 (62%) of enrolments are undertaken by residents with no or low qualifications,
- 3.2 We have established a wider range of provision to support unemployed residents with skills directly linked to local labour market demand. In the first 6 months of this academic year 76% of enrolments were undertaken by unemployed residents, with 69% of these residents unemployed and actively seeking work.
- 3.3 Analysis of the profile of residents engaged in AEB provision during the first six months of AY 2023-24 demonstrates that the investment continues to extend the reach of learning opportunities to a broad range of underrepresented groups:
- 3,122 (14%) of AEB opportunities were undertaken by young people (19-24)
  - 57% of AEB enrolment opportunities were undertaken by women.
  - 13,205 (59%) of enrolment opportunities were undertaken by residents from our black and minoritised ethnic communities
  - 4,875 (22%) of enrolment opportunities were undertaken by residents with a self-declared a learning difficulty/disability
  - 72% of enrolments were undertaken by residents with low or no qualifications.

3.4 NTCA continues to develop and implement a range of locally focused initiatives, aligned with ongoing policy developments and supporting evidence to target over and above the main statutory entitlements of the AEB.

#### **4 Managing AEB delivery for the remainder of the academic year**

4.1 Key priorities for the remainder of the academic year include:

- Continue to monitor provider performance against their funding agreements and contract for service allocations. Redistributing funding through the Scheme of Delegation when required to ensure NTCA's devolved AEB funding for AY 2023-24 is fully utilised in direct delivery.
- Continue to work closely with the NTCA provider base to develop improved analysis of Community Learning, with a focus on positive outcomes and value for money.
- Work collaboratively to better respond to employer skills/talent needs, specifically in the NTCA growth and foundation economy sectors.
- Continue to work closely with the NTCA provider base to develop improved analysis of learner destinations, with a focus on positive outcomes and progression.
- Benchmarking NTCA's devolved AEB performance in terms of achievement against National achievement rates.
- Continue to monitor demand for ESOL provision, working with providers to maximise the opportunities for residents in this area.

#### **B. Impact on NTCA Objectives**

1. AEB links directly to NTCA's strategic priorities and supports the Education, Inclusion & Skills delivery theme of NTCA's Corporate Plan. We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training is crucial to our economic and social success.

#### **C. Key risks**

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

#### **D. Financial and other resources implications**

1. Table 3 illustrates the total devolved AEB and delegated Free Course for Jobs income and expenditure in FY 2023 -24 in relation to the academic year 2022-23.

**Table 3**

<b>Devolved AEB &amp; Free Courses for Jobs (FCFJ) Income FY 2023-24</b>	
<b>Income FY 2023-24 (For Academic Year 2022-23)</b>	£
Balance on account at 1st April 2023	£8,760,000
AEB income from DfE for period 1st April 2023 to 31st July 2024	£7,889,132
<b>Total Income</b>	<b>£16,649,132</b>
<b>Expenditure FY 2023-24 (For Academic Year 2022-23)</b>	£
Provider 5% earnings boost AY 2022-23	£858,631
AY 2022-23 AEB Delivery Payments - 1 April 23 to 31 July 23	£9,704,083
AY 2022-23 AEB Delivery Payments - 1 Aug to 31 Oct 23	£2,175,517
<b>Total Expenditure (For Academic Year 2022-23)</b>	<b>£12,738,231</b>
Balance on account at end of Academic Year 2022-23	£3,910,901

2. Table 4 illustrates the total devolved AEB and delegated Free Course for Jobs income and expenditure in FY 2023 -24 & FY 2024-25 in relation to the academic year 2023-24.

**Table 4**

<b>Income FY 2023-24 (For Academic Year 2023-24)</b>	£
Balance on account at end of Academic Year 2022-23	£3,910,901
AEB income from DfE for period 1st August 2023 to 31st March 2024	£15,893,014
FCFJ income from DfE for period 1st August 2023 to 31st March 2024	£753,345
<b>Total Income FY 2023-24</b>	<b>£20,557,260</b>
<b>Income FY 2024-25 (For Academic Year 2023-24)</b>	£
AEB income from DfE for period 1st April 2024 to 31st July 2024	£7,990,616
FCFJ income from DfE for period 1st April 2024 to 31st July 2024	£558,908
<b>Total Income FY 2024-25</b>	<b>£8,549,524</b>
<b>Total Income for Academic Year 2023-24</b>	<b>£29,106,784</b>

3. Table 5 illustrates the total devolved AEB and delegated Free Course for Jobs committed expenditure in relation to the academic year 2023-24 and actual spend to 31 December 2023.

**Table 5**

<b>Committed Expenditure AY 2023-24</b>	<b>£</b>	<b>Actual Spend to Dec 23</b>
3% Administration Costs	£708,610	
AY 2023-24 Adult Skills Grant Funding Agreements	£12,769,569	£4,442,060
AY 2023-24 Community Learning Grant Funding Agreements	£2,780,555	£1,004,963
AY 2023-24 Contracts for Service	£7,752,306	£2,136,399
AY 2023-24 FCFJ Grant Funding Agreements	£1,676,890	£465,336
Period 4 (Nov 23) In Year Growth payments	£1,500,000	
Period 6 (Feb 24) In Year Growth payments	£1,500,000	
Provider 5% earnings boost AY 2023-24	£950,000	
<b>Total Committed Expenditure AY 2023-24</b>	<b>£29,637,930</b>	<b>£11,791,516</b>

4. NTCA officers are closely monitoring provider performance against committed grant funding and contract for service allocations. A full reconciliation will take place at the end of February 2024. Any identified funding from under delivery at this monitoring point will be re-distributed in line with the scheme of delegation in place for AEB.

#### **E. Legal implications**

1. The grant funding process in relation to allocating the devolved AEB has been undertaken in accordance with all relevant legal requirements. A robust set of funding terms and conditions have been developed to protect NTCA's position.
2. Procurement processes for Contracts for Service have been undertaken pursuant to the NTCA Order and Constitution and the Public Contracts Regulations 2015. In accordance with those legal requirements, contract for service awards have been based on the most economically advantageous tender.
3. The Monitoring Officer's representative has advised throughout these processes (both procurement and grant funding) and attends the NTCA AEB Operational Steering Group on a weekly basis. There are no negative legal implications associated with either process.

#### **F. Equalities implications**

1. As required by Section 149 of the Equality Act 2010, the NTCA has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
2. Each organisation the NTCA will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process, we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.

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

## **G. Inclusive Economy and Wellbeing implications**

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

## **H. Climate Change implications**

1. The NTCA has considered the implications relating to climate change in decisions regarding allocation of the AEB and believe there will be no negative impact as a result. All providers are required to provide assurance that they have an environmental and sustainability policy.
2. In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. With the impact of COVID-19, early indication shows the provider base in the NTCA area have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the NTCA understand this will likely reduce carbon emissions associated with staff and learner travel.

## **I. Consultation and engagement**

1. NTCA have established effective working relationships with NTCA Grant and Contracted providers to gain Insight and intelligence to inform funding flexibilities and additional provision made available through the AEB.
2. NTCA officers maintain regular contact with relevant stakeholders including the North East Local Enterprise Partnership, Skills Providers, the Department for Work and Pensions (DWP), the Department for Education (DfE) and Employers. This supports co-ordination of vacancy opportunities and skills development.
3. NTCA AEB officers attend regular meetings with DfE, the ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.
4. NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

## **J. Appendices**

Appendix 1: Devolved AEB Providers and Funding Allocations AY 2023-24

Appendix 2: Detailed Analysis of Delivery Data from 1 August 2023 to 4 February 2024



**K. Background papers**

AEB Strategic Skills Plan 'Opportunity for All'  
AEB Delegated Decision Report AEB Grant Funding Allocations – March 2023  
AEB Delegated Decision Report – Contract Awards from AEB Call-Off – June 2023  
AEB Cabinet paper November 2023

**L. Contact officer(s)**

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Leigh Mills, Head of Inclusive Growth [leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk)

**M. Glossary**

AEB	Adult Education Budget
AY	Academic Year
LLDD	Learners with learning difficulties or disabilities
DfE	Department for Education
DWP	Department for Work and Pensions
ESFA	Education and Skills Funding Agency
ESOL	English for Speakers of other Languages
FE	Further Education
ITP	Independent Training Provider
JCP	Job Centre Plus
MCA	Mayoral Combined Authorities
NTCA	North of Tyne Combined Authority
VCSE	Voluntary, Community and Social Enterprise

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## Appendix 1 – Devolved AEB Providers and Funding Allocations AY 2023-24

### Grant Funding Agreements AY 2023-24

UKPRN	Grant funded provider name	Allocation
10001475	Education Partnership (Northumberland College)	£1,318,313
10002638	Gateshead College	£642,595
10002639	Gateshead Council	£154,342
10004601	Newcastle City Council	£3,035,981
10053962	Newcastle College	£5,254,682
10004714	North Tyneside Metropolitan Council	£1,938,476
10004762	Northumberland County Council	£1,134,672
10006000	South Tyneside Council	£454,376
10005999	Tyne Coast College	£1,265,836
10007364	Workers Educational Association	£350,852
<b>Total</b>		<b>£15,550,125</b>

### Contract for Service Allocations AY 2023-24

UKPRN	Contract type	Provider Name	Allocation
10033156	Procured Adult Skills	Back 2 Work Complete Training Limited	£749,986
10029558	Procured Adult Skills	Building Futures East Limited	£68,061
10085200	Procured Community Learning	Cedarwood Trust (The)	£353,850
10001475	Procured Adult Skills	City of Sunderland College	£529,104
10001934	Procured Adult Skills	Derwentside College	£158,760
10089638	Procured Adult Skills	Diamond People (NE) Limited	£349,040
10006341	Procured Adult Skills	Education Training Collective (The)	£144,180
10061648	Procured Community Learning	First Face to Face Ltd.	£195,000
10002638	Procured Adult Skills	Gateshead College	£748,128
10021665	Procured Adult Skills	Health & Safety Training Limited	£749,986
10004576	Procured Adult Skills	New College Durham	£749,727
10065327	Procured Adult Skills	Nordic Products & Services Ltd.	£212,500
10001039	Procured Community Learning	Northumberland Business Service Limited	£349,800
10066192	Procured Community Learning	Northumbrian Citizens Advice Bureau	£465,275
10025330	Procured	Release Potential Ltd.	£472,964
10065884	Procured	RMF - Construction Training Academy Ltd.	£748,928
10045858	Procured	TLG Business Services Limited	£168,527
10000082	Procured	TRN (Train) Ltd.	£538,490
			<b>£7,752,306</b>

### Level 3 Adult Offer (Free Courses for Jobs) AY 2023-24

Provider	Funding Agreements AY 2023-24
East Durham College	£4,800
Education Partnership North East	£73,856
Gateshead College	£48,687
Learning Curve Group Ltd.	£113,189
New College Durham	£418,958
Newcastle City Council	£87,000
Newcastle College	£367,168
North Tyneside Metropolitan Council	£42,352
Northumberland County Council	£67,923
Resources (NE) Limited	£186,621
Skills North East	£84,338
South Tyneside Council	£86,202
Tyne Coast College	£95,796
<b>Totals</b>	<b>£1,676,890</b>

## Appendix 2: Analysis of Delivery Data from 1 August 2023 to 4 February 2024

### 1 AY 2023-24 AEB enrolment opportunities.

- 1.1 In the 6-month period from 1<sup>st</sup> August 2023 to 4<sup>th</sup> February 2024 over 22,500 enrolment opportunities have been delivered or are being undertaken.
- 1.2 NTCA providers have delivered a range of provision targeting employed and unemployed residents including statutory entitlements in maths, English and digital skills and full Level 2 and Level 3 vocational programmes required to access the labour market or progress in work.
- 1.3 Table 1 illustrates the overall number of enrolments by Local Authority area and funding model.

**Table 1**

Enrolments by Local Authority	R06 - Feb 2024		
	AEB Adult Skills	Community Learning	Total
Newcastle	10,819	2,647	13,466
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Northumberland	4,332	415	4,747
<b>Total</b>	<b>18,543</b>	<b>3,970</b>	<b>22,513</b>

### 2 Community Learning

- 2.1 3970 (18%) of enrolments are being delivered as non-accredited Community Learning. The principal purpose of informal Community Learning is to develop skills, confidence, motivation and resilience of adults of different ages and backgrounds in order to progress towards formal learning or employment and/or , improve their health and well-being, including mental health and/or, develop stronger communities.
- 2.2 Data collection and reporting related to Community Learning provision has changed significantly in AY 2023-24 to reflect the principal purpose set out above, and better understand the main objectives of this informal provision. Community Learning Courses are now delivered and reported under the 7 delivery strands. Table 2 below illustrates the number of enrolments delivered by NTCA Community Learning providers.

**Table 2**

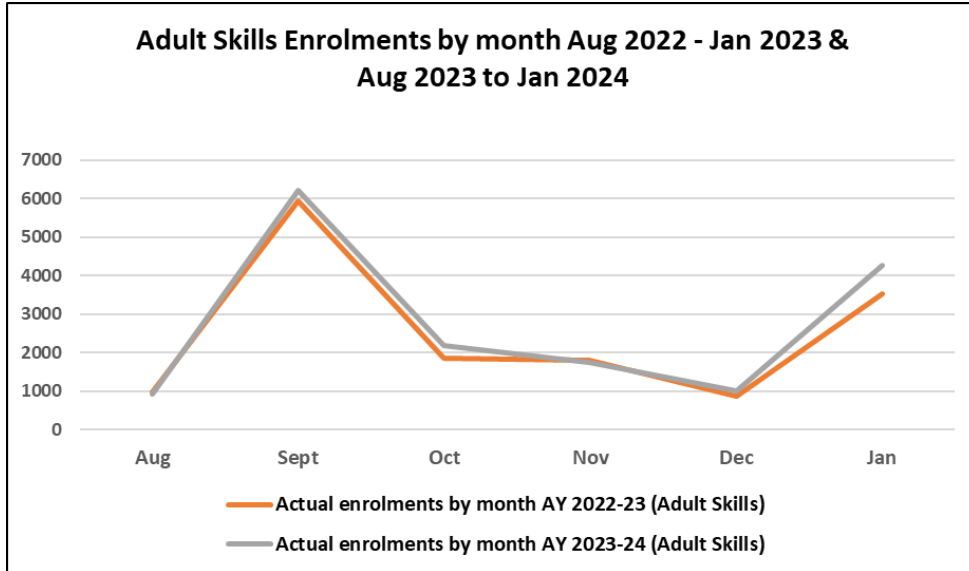
Community Learning Delivery Strand	R06 - Feb 2024	
	Enrolments	%
1 - Engaging and/or building confidence	761	19%
2 - Preparation for further learning	1,090	27%
3 - Preparation for employment	554	14%
4 - Improved essential skills including English, ESOL, maths and digital.	714	18%
5 - Equipping parents/carers to support children's learning	152	4%
6 - Improved/maintained health and/or social well being	371	9%
7 - Provision to develop stronger communities	328	8%
<b>Total</b>	<b>3,970</b>	

- 2.3 Most of the Community Learning provision is delivered by constituent Local Authority providers who utilise community venues and have made use of the flexibilities afforded by devolution of AEB to ensure the funding can be targeted where it is needed most and ensure provision accessible for residents in communities outside of urban centres.

### 3 Adult Skills Provision

3.1 18,543 (82%) of enrolments are being delivered as Adult Skills provision. Enrolment patterns during the first 6-month period August 2023 to February 2024 are very similar to the previous academic year with peaks in September and January as expected. Chart 1 below compares the number of courses started by month from August 2023 to January 2024, with the previous period in AY 2022-23.

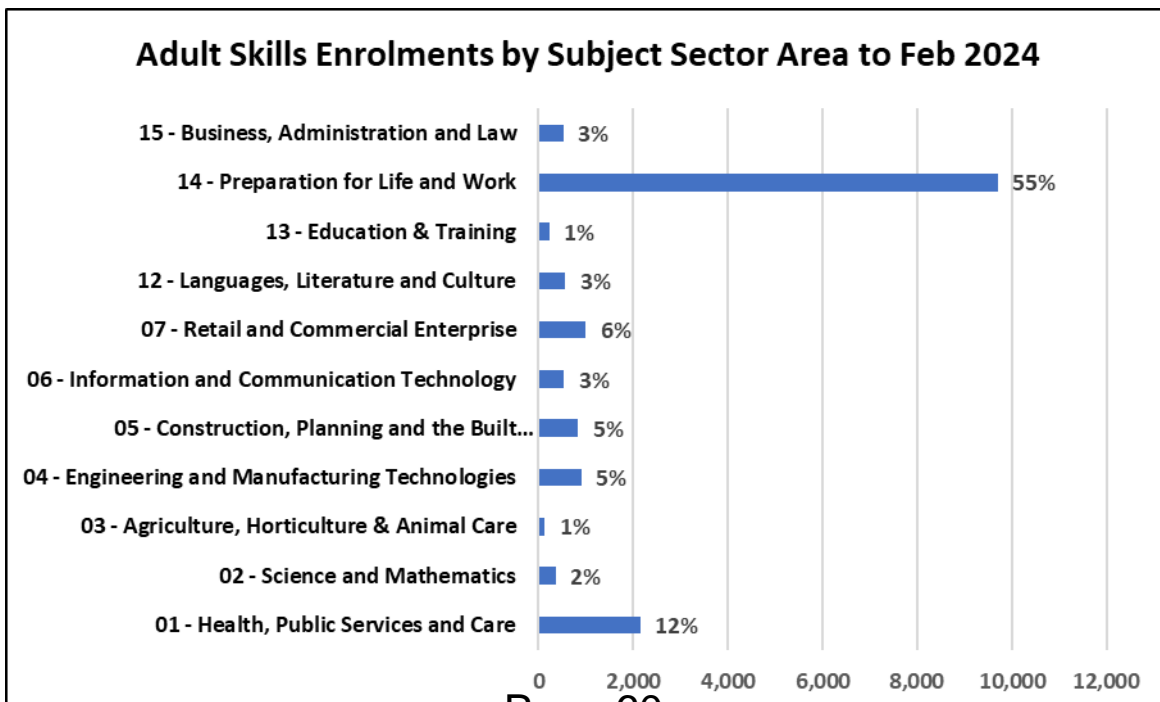
**Chart 1**



3.2 Providers deliver a range of Adult Skills provision targeting employed and unemployed residents including basic maths, English and digital skills and full Level 2 and Level 3 vocational programmes required for work. There are effective links to Job Centre Plus (JCP) work coaches across the region who help promote the AEB offer and refer unemployed residents.

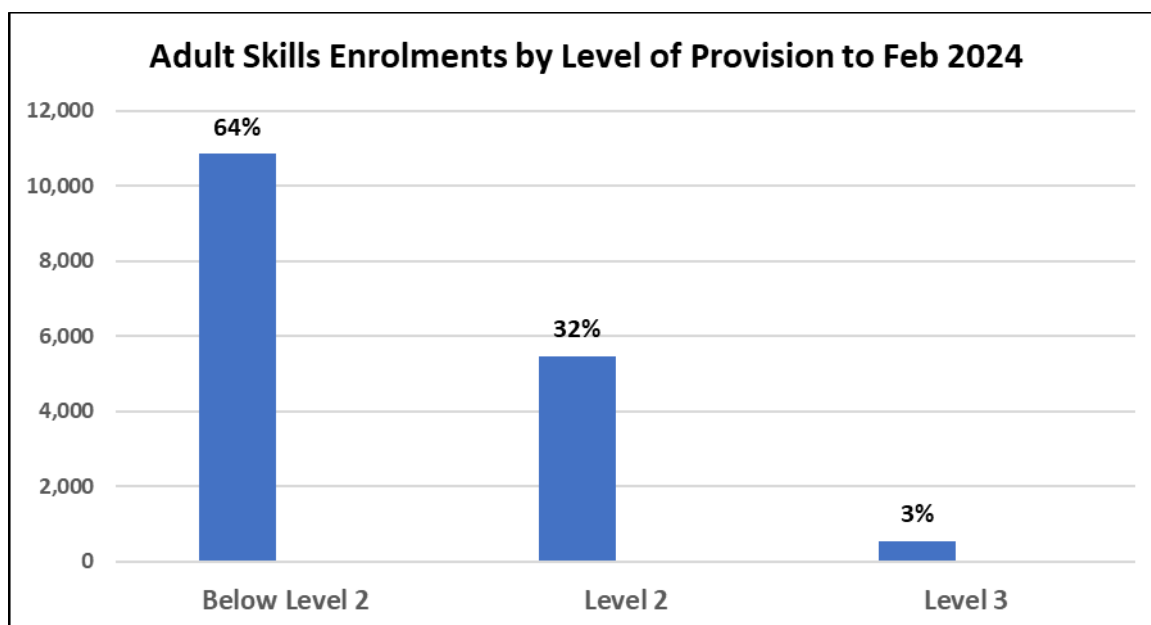
3.3 Chart 2 below illustrates the range of Adult Skills provision by subject sector area during this first 6-month period August 2023 to February 2024.

**Chart 2**



- 3.4 Subject sector area (SSA) 14 – Preparation for Life and Work accounts for 55% of all enrolment opportunities. This provision includes all English for Speakers of other Languages (ESOL), Functional Skills Qualifications in English, maths and Digital skills as well as sector routeways back to employment in vocational areas such as health and social care, hospitality, warehousing and construction.
- 3.5 SSA 2 – encompasses GCSE provision in Maths and Science subjects. An increasing number of young people are utilising AEB funding to undertake GCSEs in these areas as access to higher level courses such as AS levels.
- 3.6 NTCA are working closely with providers to align the Adult Skills offer to wider skills investments such as Skills Bootcamps and to promote collaboration with employers in designing courses to meet skills shortages and employment vacancies.
- 3.7 Providers have responded well and developed routes into sectors such as Construction, Rail Track Maintenance, Transportation and Warehousing, Welding and Engineering and Manufacturing Technology. We are therefore seeing increasing enrolments in SSA 4: Engineering and Manufacturing Technologies, SSA 5: Construction, Planning and the Built Environment as well as SSA 7 – Retail and Commercial Enterprise, this sector encompasses provision in warehousing and logistics.
- 3.8 A wider offer is available in the Digital and Technology sector with new course additions such as Cyber Security and Coding. NTCA has also undertaken further commissioning to increase the range of qualifications in the Level 3 Free Courses for Jobs offer. This includes technical certificates in green construction methods, developing skills to work with heat pump technology.
- 3.9 We continue to monitor provision by level to ensure there is a balance between low-level non-technical provision below level 2 and progression to opportunities to provision at Level 2 and above. Data for the first 6 month of the academic year reveals a higher proportion of delivery at Level 1 and below than in previous years. Further intelligence is being gathered from providers on the rationale for this increase in lower-level provision and to explore whether learners starting points in some areas of learning are lower than in previous years.
- 3.10 Chart 3 illustrates the level of provision during this first 6-month period August 2023 to February 2024.

**Chart 3**



## 4 Statutory Entitlements

- 4.1 The AEB continues to provide free statutory entitlements which include digital, maths, English and English for Speakers of other Languages (ESOL). Participation in basic maths, English and ESOL has also increased, alongside young people aged between 19 and 24 undertaking full Level 2 and Level 3 entitlements.
- 4.2 Table 2 below illustrates statutory entitlement enrolment opportunities in this first 6-month period August 2023 to February 2024.

**Table 3**

Statutory Entitlements	R06
	Number of enrolments
English	928
Maths	848
ESOL	5,154
Digital Entitlement	147
Full Level 2 Entitlement	236
Full Level 3 Entitlement	187
Level 3 Adult Offer	325
<b>Total</b>	<b>7,825</b>

- 4.3 In the first 6 months of AY 2023-24 NTCA has supported the delivery of over 5,100 ESOL learning aims (enrolment opportunities). This provision currently utilises circa £2.3m of the devolved AEB, demand is growing, and most learners have no formal qualifications and start provision at an extremely low starting point with some illiterate in their own language.
- 4.4 We are working with the provider base and DWP to maximise provision available, progressing some ESOL learners more efficiently, and sourcing alternative funding for those that are furthest away from the labour market and may be accessing provision for social inclusion. We will continue to monitor this demand and keep Cabinet updated.
- 4.5 Participation in Maths and English statutory entitlements which include GCSE and Functional Skills provision is increasing year on year. There were 1,064 residents participating in this provision at the 6-month monitoring point in Feb 2023 compared to 1,776 at this point in Feb 2024.
- 4.6 Similarly, participation in the Level 3 Adult Offer continues to increase with 325 undertaking a qualification as part of the offer at this monitoring point in Feb 2024 an increase of 60 participants compared to this point in Feb 2023.
- 4.7 NTCA will continue to develop and implement a range of locally focused initiatives, aligned with ongoing policy developments and supporting evidence to target over and above the main statutory entitlements of the AEB.

## 5 Profile of residents engaged in AEB to 4<sup>th</sup> Feb 2024

- 5.1 The AEB investment continues to reach residents most disadvantaged in terms of poverty and skills. (50%) of enrolments are being undertaken by residents with a home postcode in the top 10% deprived wards across NTCA. 13,071 (62%) of enrolments are undertaken by residents with no or low qualifications,



- 5.2 We have established a wider range of provision to support unemployed residents with skills directly linked to local labour market demand. In the first 6 months of this academic year 76% of enrolments were undertaken by unemployed residents, with 69% of these residents unemployed and actively seeking work.
- 5.3 Analysis of the profile of residents engaged in AEB provision during the first six months of AY 2023-24 demonstrates that the investment continues to extend the reach of learning opportunities to a broad range of underrepresented groups:
- 3,122 (14%) of AEB opportunities were undertaken by young people (19-24)
  - 57% of AEB enrolment opportunities were undertaken by women.
  - 13,205 (59%) of enrolment opportunities were undertaken by residents from our black and minoritised ethnic communities
  - 4,875 (22%) of enrolment opportunities were undertaken by residents with a self-declared a learning difficulty/disability
  - 72% of enrolments were undertaken by residents with low or no qualifications.

## **6 Outcomes for residents undertaking AEB provision**

- 6.1 We continue to work with providers to ensure that a greater focus on the economic and social outcomes is secured through the devolved AEB rather than just the outputs in terms of qualifications delivered. This underpins our commissioning approach to secure provision which is increasingly focused on outcomes, such as securing employment, progressing to higher levels of learning and progressing in employment.
- 6.2 Complete outcome data from the devolved AEB delivery during AY 2023-24 will be reported to Cabinet in the annual update in November 2024.

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## Report Summary

The purpose of this report is to provide an update on the performance of Skills Bootcamps for the financial year (FY) 2023-24.

Skills Bootcamps are one part of the Government's National Skills Fund, to help adults train and gain skills quickly to improve their job prospects. They offer free, flexible courses of up to 16 weeks for adults aged 19 or over who are either in work, self-employed, recently unemployed or returning to work after a break.

In February 2023, DfE awarded NTCA a second grant funding agreement of £9,237,272 to support the delivery of Wave 4 Skills Bootcamps in FY 2023-24.

Skills Bootcamp provision commenced in April 2023 and is delivered in a range of sector areas which include digital, logistics, technical and engineering, construction, green skills, and the culture and creative sector. This delivery is subject to robust monthly performance monitoring in line with key performance indicators and the terms of NTCA's Grant Agreement with the DfE.

Wave 4 Skills Bootcamps have engaged 765 learners since the beginning of the FY 2023-24 bringing the total number of starts over the first 2 financial years of delivery of Skills Bootcamps to 2254 learner starts to date.

Over 340 employers are engaged in Skills Bootcamps across the region either designing or co-delivering courses, offering job vacancies or co-funding existing employees.

NTCA view the allocation of funding to administer Skills Bootcamps in our region as an excellent opportunity to build on our approach of creating close collaborations to test, trial and co-develop coherent skills provision that adds value and secures positive outcomes for our residents. In line with NTCA's Corporate Plan, we also view this as another step forward in bringing together all direct funding for adult skills, including the flexibility to implement and lead a truly place-based response to the skills needs in the North of Tyne. Packaging together the Adult Education Budget, Free courses for Jobs, and Skills Bootcamps.

## Recommendations

The Cabinet is recommended to:

1. Note the performance of Wave 4 Skills Bootcamp delivery to date.
2. Endorse the approach to managing Skills Bootcamps for the remainder of FY 2023-24

## A. Context

### 1 Background

- 1.1 Skills Bootcamps are one part of the Government's National Skills Fund, to help adults train and gain skills quickly to improve their job prospects. They offer free, flexible courses of up to 16 weeks for adults aged 19 or over who are either in work, self-employed, recently unemployed or returning to work after a break.
- 1.2 Skills Bootcamps aim to secure benefits for unemployed adults by giving them access to in-demand skills training and a guaranteed interview, and for in work adults a more sustainable, higher skilled job and higher wages over time. The benefits for employers include helping them to fill specific skills shortage vacancies, enabling them to become more productive, more quickly.
- 1.3 NTCA view the allocation of funding to administer Skills Bootcamps in our region as an excellent opportunity to build on our approach of creating close collaborations to test, trial and co-develop coherent skills provision that adds value and secures positive outcomes for our residents.
- 1.4 In line with NTCA's Corporate Plan, we also view this as another step forward in bringing together all direct funding for adult skills, including the flexibility to implement and lead a truly place-based response to the skills needs in the North of Tyne. Packaging together the Adult Education Budget, Free courses for Jobs, and Skills Bootcamps.

### 2 Wave 4 Skills Bootcamp Delivery FY 2023-24

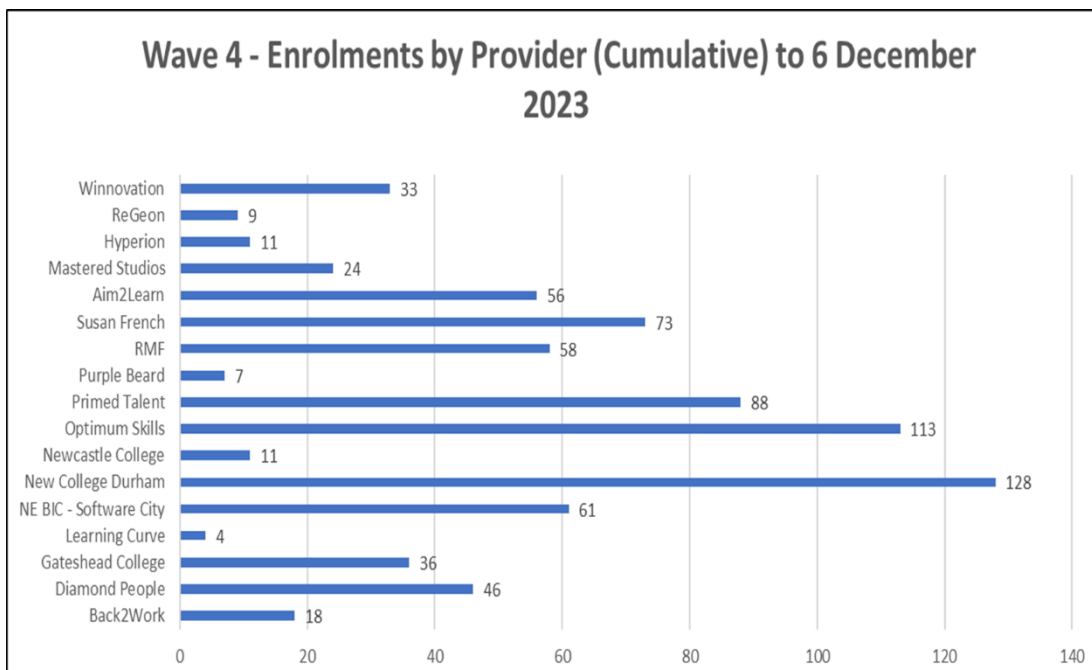
- 2.1 In February 2023, DfE awarded NTCA a second grant funding agreement of £9,237,272 to support the delivery of Wave 4 Skills Bootcamps in FY 2023-24. This includes a management cost of £839,752.
- 2.2 Table 1 illustrates the subject sector areas and indicative funding for Skills Bootcamps in FY 2023-24.

**Table 1**

Subject Area	Indicative Funding
NTCA Digital Core	£2,434,829
NTCA Digital Bespoke	£249,240
Digital Network Communications	£180,000
Manufacturing and Engineering and	£661,784
Engineering Bespoke (added to Telecoms)	£100,000
Construction	£2,126,816
Green Skills	£739,560
Logistics - HGV Driving	£1,131,819
Other - Culture & Events	£480,662
Other - Creative and Screen Industries	£180,000
Other - Hospitality	£42,790
Other - Hospitality and Catering	£70,020
Management Costs	£839,752
Total	£9,237,272

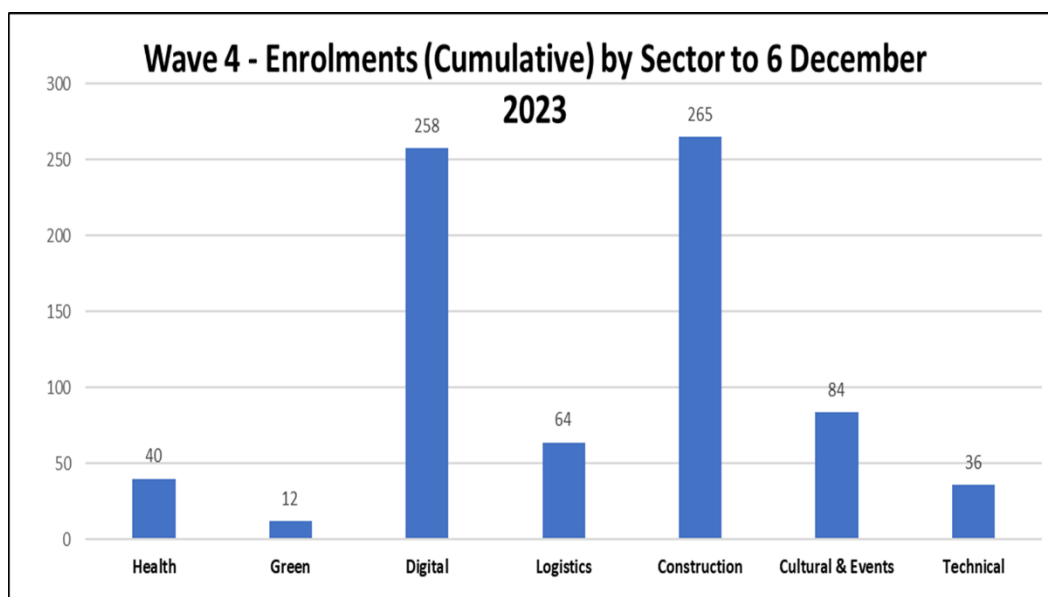
- 2.3 Employer engagement is a fundamental element of Skills Bootcamp delivery, to date over 340 employers are engaged in Skills Bootcamps across the region either designing or co-delivering courses, offering job vacancies or co-funding existing employees. Appendix 1 of the report illustrates the range of employers engaged.
- 2.4 Skills Bootcamps have already engaged 787 learners since the beginning of the FY 2023-24 bringing the total number of starts over the first 2 financial years of delivery of Skills Bootcamps to 2254 learner starts to date.
- 2.5 Chart 1 below illustrates Skills Bootcamp enrolments by provider to 6 December 2023.

**Chart 1**



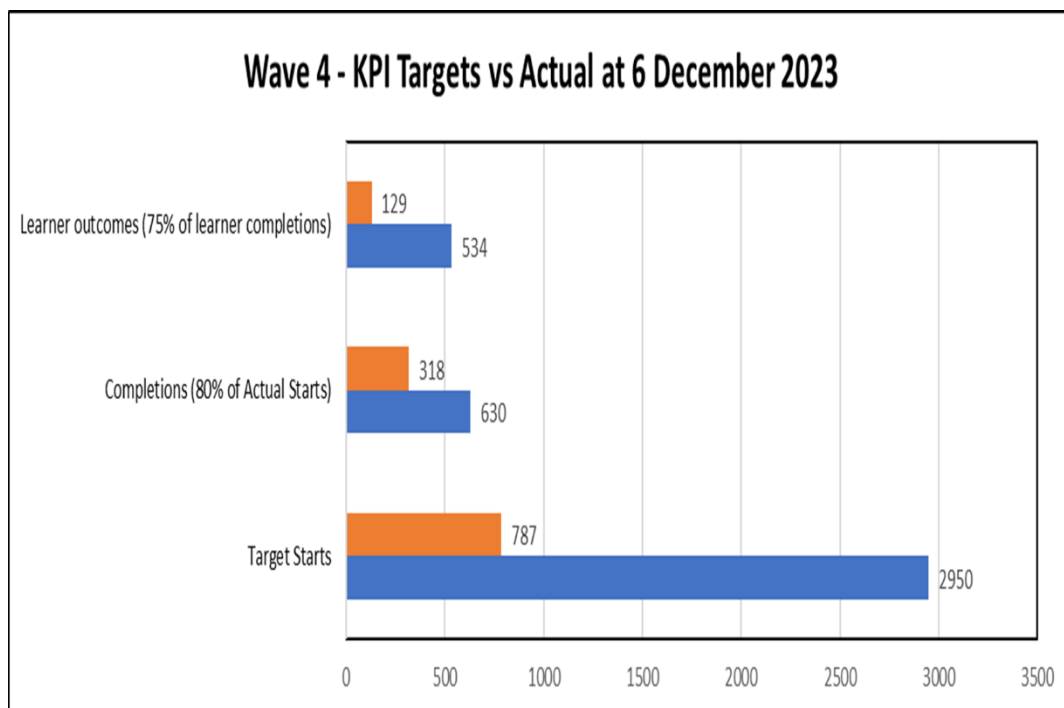
- 2.6 Chart 2 below illustrates Skills Bootcamp enrolments by sector to 6 December 2023

**Chart 2**



- 2.7 Provision in the construction sector have engaged the largest number of enrolments. This includes a series of Skills Bootcamps which provide practical and theoretical training including achievement of nationally accredited licenses in order to operate a variety of heavy plant equipment utilised in the construction sector.
- 2.8 Skills Bootcamps in this sector also support skills development in retrofit, energy efficiency installation, Smart Devices and controls. Heat pump installation and Electric Vehicle charge point installation. These bootcamps also provide learners with the knowledge and understanding to build and install domestic PV solar units safely, gain industry recognised certification in Spray Foam insulation, develop hydrogen competencies and knowledge for gas technicians to safely work in the hydrogen-fuelled gas industry.
- 2.9 Digital has engaged 258 enrolments since April 2024, this programme of Skills Bootcamps includes Introduction to Programming, Digital Marketing, Augmented Reality & Emerging Technology, IT Solutions, Cyber Security. Programmes offer recognised, accredited Level 3 qualifications in demand from employers including AWS Certified Cloud Practitioner. Cloud Computing Skills Bootcamps are aligned to employment opportunities in areas such as Cloud Operations, Site Reliability, Infrastructure Support and DevOps.
- 2.10 Skills Bootcamp delivery is subject to robust monthly performance monitoring in line with key performance indicators and the terms of NTCA’s Grant Agreement with the DfE. Chart 3 below illustrate the KPI’s set by DfE (in blue) and the performance towards these KPI’s (in orange) to 6 December 2023.

**Chart 3**



- 2.11 NTCA performs well against other areas in receipt of a Grant agreement for the delivery of Skills Bootcamps. We are currently positioned 8<sup>th</sup> in a published performance table of 21 Grant Recipients.

### **3 Managing Skills Bootcamp delivery for the remainder of financial year 2023-24**

- 3.1 Performance monitoring reviews held at the end January 2024 resulted in a number of Skills Bootcamp providers requesting a reduction to their contract values as they are unlikely to meet their full delivery targets by 31 March 2024. The value of these reductions equates to a £630,000 shortfall in delivery which would be subject to reconciliation by the DfE.
- 3.2 In order to address the shortfall NTCA officers consulted with DfE on utilising alternative providers with Contracts for Services to deliver additional provision. DfE have agreed that alternative provision can be utilised on the condition that learners are on programme before 31<sup>st</sup> March 2024 so that they can be counted towards FY 2023-24 delivery targets.
- 3.3 In view of this extension NTCA are preparing a proposal for approval through the Scheme of Delegation to approve an increase to two existing Skills Bootcamp Contracts for Services by 50% (which is the maximum percentage increase permissible under procurement rules). The value of these increases would be £152,000.
- 3.4 We are also proposing to direct award 3 contracts to existing Skills Bootcamp providers who have a proven track record of delivering high quality provision in the Logistics, Digital Infrastructure and Events sectors. Due to procurement regulations, it is not possible to further increase their funding allocations. The value of these direct awards would be £500,000.
- 3.5 Providers who have been identified for increases and direct awards have the capacity and employer demand to deliver increased Skills Bootcamp provision. This would result in a significant reduction in the delivery shortfall and provide additional Skills Bootcamp programmes for employers in sectors such as Logistics, Digital, Digital Infrastructure and Health & Social Care. Employers in these areas have identified skills and recruitment shortages.

#### **B. Impact on NTCA Objectives**

1. The Skills Bootcamps support NTCA's strategic priorities and supports the Education, Inclusion and Skills delivery theme of NTCA's Corporate Plan. We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, whilst providing the right support for people to access these jobs and further training is crucial to our economic and social success.
2. NTCA's aspiration to work with DfE on the Skills Bootcamp propositions and future skills programmes strengthens NTCA's reputation for delivering skills solutions for its residents and employers and builds on our ability to mobilise skills interventions locally, further supporting the benefits of a devolved skills system.

#### **C. Key risks**

1. Skills Bootcamps are included as a strategic risk on the NTCA Strategic Risk Register. In addition, at a project level, appropriate risk management processes are in place to identify and mitigate risks, with escalation requirements embedded.

#### **D. Financial and other resources implications**

1. Table 2 below sets out the DfE Grant Funding for Skills Bootcamps in FY 2023-24 and projected expenditure through current funding allocations to providers. It does not include reconciliation of under delivery identified in paragraph 3.1 of this report or proposed increases to contracts and direct awards as these have not been approved through scheme of delegation at the time of this report.

**Table 2**

<b>Wave 4 Skills Bootcamps FY 2023-24</b>	
NTCA Grant Funding received from DfE	£9,237,272
NTCA Management Costs	£839,752
Proposed Extension to Grant Funding Agreements	£264,030
Proposed Extension to Contract for Services	£4,836,359
Procured Contract for Services	£3,297,131
<b>Total Funding Allocated (Including Management Costs)</b>	<b>£9237,272</b>

**E. Legal implications**

1. The Monitoring Officer's comments have been incorporated within this report.

**F. Equalities implications**

1. As required by Section 149 of the Equality Act 2010, the NTCA has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
2. Each organisation the NTCA will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process, we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.
3. In addition, we will encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>

**G. Inclusive Economy and Wellbeing implications**

1. The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.
2. The alignment of Skills Bootcamp provision towards the North of Tyne growth sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.
3. The Combined Authority will continue to monitor the impact of Skills Bootcamps on the inclusive economy aspirations as part of all performance management processes.
4. In due course, all funding recipients will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

**H. Climate Change implications**

1. NTCA has considered the implications relating to climate change in decisions regarding allocation of the Skills Bootcamp funding and believe there will be no negative impact as a result. All providers are required to provide assurance that they have an environmental and sustainability policy.



2. In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. With the impact of COVID-19, early indication shows the provider base in the NTCA area have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, NTCA understand this will likely reduce carbon emissions associated with staff and learner travel.

## **I. Consultation and engagement**

1. NTCA have established effective working relationships with employers and providers to inform the proposal related to Skills Bootcamps and this will continue to inform additional future skills programmes. Insight and intelligence gathered informs provision proposals.
2. NTCA officers maintain regular contact with relevant stakeholders including the North East Local Enterprise Partnership, Skills Providers, the Department for Work and Pensions, the Department for Education (DfE) and Employers. This supports co-ordination of vacancy opportunities and skills development.
3. NTCA officers attend regular meetings with DfE, the ESFA and other MCA's/GLA to share information and best practice.
4. NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the Skills Bootcamp programmes with devolved AEB, the Level 3 Adult offer and with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

## **J. Appendices**

Appendix 1: Skills Bootcamp Employer Engagement

## **K. Background papers**

NTCA Strategic Skills Plan 'Opportunity for All'  
Delegated Decision Report Skills Bootcamps published 14 January 2022  
Cabinet Paper March 2022  
Cabinet Paper November 2023

## **L. Contact officer(s)**

Michelle Stone, Principal Skills Manager [michelle.stone@northoftyne-ca.gov.uk](mailto:michelle.stone@northoftyne-ca.gov.uk)  
Leigh Mills, Head of Inclusive Growth [leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk)

## **M. Glossary**

AY	Academic Year
DfE	Department for Education
MCA	Mayoral Combined Authorities
NTCA	North of Tyne Combined Authority

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Digital	Logistics (HGV Driving)
Newcastle Strategic Solutions Ltd.	Stericycle
NHS England	National Careers Service
Layers Studio	Ramage Transport
HMRC Digital	Newcastle Airport
AutismAble CIC	Flogas
DWP Digital	Henry Colbeck
Innovate North East	Sterling Pharma
Opencast Software	Infrastructure Site Services
Education Development Trust	Nigel Calvert Transport
Newcastle City Council (Skills Hub)	Murray Hogg
Sunderland Software City	NLS Security
Northumbria University	Northumberland County Council
Innovation Scout Ltd.	Lynx Precast
Newcastle Council	PXA Express
Accenture	Ace Recycling
Mediaworks	North East Ambulance
Sage	Lubbers
Opencast	Lookers
Cosmo Digital Solutions	Elddis
Get Some Foresight	Yearsley Logistics

Land Digital Solution Ltd	Veolia
Infinity 27	V Allen Ltd
Cogito	Universal Forwarding
CodeVerse	SJS Haulage Ltd
QA	Tegula Group
Niya Network Ltd	Fergusons Transport
SEP 2 Limited	Katinam Logistics
ATTEND 2 IT LIMITED	FFG Logistics/Kinaxia Group
DB Charles Recruitment	Hargreaves
Jobhop	Education Development trust
One to One Personnel	Booker
FMC Smart Industry	Acumen Logistics
Vianet	Maudesville Corporation
Radical Recruitment	JR Butterfield
Nissan	Oak Tyres UK Limited
NTCA	Keyline
	Lothian Light Haulage
	McQueens Dairies
	Asda
	D Moody (Haulage) Limited
	Vantec Limited
	Remondis

<b>Technical Core (Rail Engineering)</b>	<b>Construction</b>	<b>Construction</b>	<b>Culture &amp; Creative</b>
The Junction 42 foundation	D&D Construction	M. Bryan Groundworks LTD	Eventcover productions Ltd
Ganymede Solutions	Point Brickwork	B&H Groundworks	Academy of Music (Gateshead)
Logical	PM Building	Rainton Constuction	AJ Theatrical Productions Ltd
Bycroft	SB Brickwork NE Ltd	Mj Hickey Plant Hire & Contracts	Distiller Records
Vital	NERC	KB Construction	AAA Touring Consultancy
Nexus	Alexander Sinclair NE Limited	Groundwork Services Durham	Executive Event Solutions
	Rubberoots LTD	BCE NORTHERN	The Exchange North Tyneside
	The Ruddy Brothers Limited	I&D CONSTRUCTION	Event People
	Adavo	G AND S GROUNDWORKS	Princess Cruises Ltd
	Travella	P.A Groundworks LTD	Susan French Events Ltd
	Wensley Roofing	Young Builders New Build Ltd	Coastella Festival
	Complete Joinery Solutions	Arrowbuild LTD	Generator, North East
	Groundwork Services (Durham) Ltd	North East Paving Ltd	Northern Stage
	Monument Design & Build	Thompsons Of Prudhoe	Sage Gateshead
	I & D Construction	Northumbrian Roads	The Cluny
	North East Civils	NXN Groundworks LTD	Live Events Stewarding and Crew
	C&W Groundworks	SM Building Groundworks	Live Performance
	True North Construction LTD	The Ruddy Brothers	Theatre Producer
	Carrick Civils Limited	W Davison LTD	Record Label
	The Ruddy Brothers	JR Harding Construction	Tour Management

	Northumbrian Roads	Rainton Construction	Live Events Crew and Security
	BCE Northern Limited	B & H Groundworks	Live Performance
	Young Builders New Build	C & W Groundworks	Event Management
	J & W Groundworks LTD	Fred Mence Construction	Live Entertainment Travel
	Avonline Network Services LTD	Jones Groundworks LTD	Live Events Training
	MGL LTD	RB Blackburn LTD	
	DEBMAT	KMT Building Solutions Ltd	
	New Road Surfacing LTD	D A Johnstone Plant Hire	
		MGL Group / MGL Demolition	
		North East Civils LTD	
		Wearmouth Construction & Plant	
		J Renton Groundworks	

<b>Green Skills</b>	
Kelco's MOT & Service Centre Ashington	ECO Future
Acc Vehicle Installation Solutions	K Dixon Building Services
BC Engineering	Koziwarm
Lookers (Addison Motors Ltd)	Lomax Training
Richard Hardie	Rothwell Group
BC Motor Engineering Ltd	NISSAN
Steer Newcastle	Newcastle City Council
Revamp Training Company Ltd	RE-GEN

**Title:** 2022-23 Statement of Accounts  
**Report of:** Director of Finance  
**Portfolio:** Investment and Resources

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## Report Summary

This report seeks Cabinet's approval of the Statement of Accounts for the year ended 31 March 2023.

At the time of writing this report the audit on the NTCA accounts was not quite complete. The auditors reported on progress on the audit at January 2024 Audit and Standards Committee in anticipation that the audit would be complete by end of March 2024. This report therefore seeks approval for the Chief Finance Officer in consultation with the Mayor and the Chief Executive to agree any final amendments or changes to the NTCA 2022/23 Statement of Accounts.

## Recommendations

Cabinet is recommended to:

1. Approve the Statement of Accounts 2022/23, including the Narrative Report and Annual Governance Statement; and
2. Authorise the Chief Finance Officer, in consultation with the Mayor and Chief Executive, to agree any final amendments or changes to the NTCA 2022/23 Statement of Accounts, Narrative Statement and Annual Governance Statement arising from the completion of the audit by the external auditors, and after taking account of the views of Audit and Standards Committee.

### A. Context

#### 1. Statement of Accounts

- 1.1 The Statement of Accounts sets out the financial performance of the Combined Authority for the year ending March 2023 and its financial position at that date. It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the code).
- 1.2 The Statement of Accounts includes:
  - Annual Governance Statement (Appendix A)
  - Narrative Report (Appendix B)
  - NTCA Single Entity Accounts – including Group Accounts consolidating the accounts of Nexus Group (Appendix C)
- 1.3 The NTCA Accounts reflect the fact that, under the 2018 order which created NTCA, NTCA and NECA jointly hold transport assets and exercise transport functions jointly through the Joint Transport Committee (JTC).
- 1.4 The Constitution of the JTC is such that it meets the definition of Joint Control and is classified accordingly as a Joint Operation. In order to comply with the requirements outlined above NECA as accountable body must split the revenue, expenditure, and assets and liabilities into those which relate to NTCA and NECA based on population.

1.5 NTCA undertakes the following on an annual basis:

- Conduct a review of the effectiveness of its governance framework, including the system of internal control
- Prepare an Annual Governance Statement; and
- Through a relevant committee review and approve the Annual Governance Statement

1.6 This report requests a delegation to the Chief Finance Officer in consultation with the Mayor and Chief Executive to agree to any final amendments or changes to the NTCA 2022/23 Statement of Accounts, Narrative Statement and Annual Governance Statement arising from the completion of the audit by the external auditors after the Cabinet meeting of 12 March and after taking into account the views of Audit and Standards Committee, which is scheduled to meet on 23 April 2024.

**B. Impact on NTCA Objectives**

1. There are no direct implications arising from this report in respect of NTCA's vision, policies and priorities.

**C. Key risks**

1. There are no specific risk implications directly arising from this report. Risk management has been considered as part of the production of the 2022/23 Annual Governance Statement.

**D. Financial and other resources implications**

1. The Statement of Accounts were prepared by North Tyneside under an SLA to North of Tyne Combined Authority.

**E. Legal implications**

1. It is a requirement of the Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015 for the Statement of Accounts to be produced in accordance with proper accounting practices. A publication notice was published on the NTCA website prior to the 30 September 2023 to notify the publication date for the Audited Statement of Accounts was missed.

**F. Equalities implications**

1. There are no equality implications arising from this report.

**G. Inclusive Economy and Wellbeing implications**

1. There are no inclusive economy and wellbeing implications arising from this report.

**H. Climate Change implications**

1. There are no climate change implications arising from this report.

**I. Consultation and engagement**

1. The draft Statement of Accounts were published on the NTCA website for public inspection from 11 September 2023 to 23 October 2023.

The Mayor and Chief Executive have been consulted on the draft Statement of Accounts and a presentation on the 2022-23 Annual Governance Statement and Key Statements from the 2022-23



draft Statement of Accounts given to Audit and Standards Committee Members at a briefing in November 2023.

**J. Appendices**

- Annual Governance Statement (Appendix A)
- Narrative Report (Appendix B)
- NTCA Single Entity Accounts (Appendix C)
- Group Accounts consolidating the accounts of Nexus Group within the NTCA Single Entity Accounts (Appendix C)

**K. Background papers**

None

**L. Contact officer(s)**

Janice Gillespie, Director of Finance NTCA [Janice.gillespie@northoftyne-ca.gov.uk](mailto:Janice.gillespie@northoftyne-ca.gov.uk)

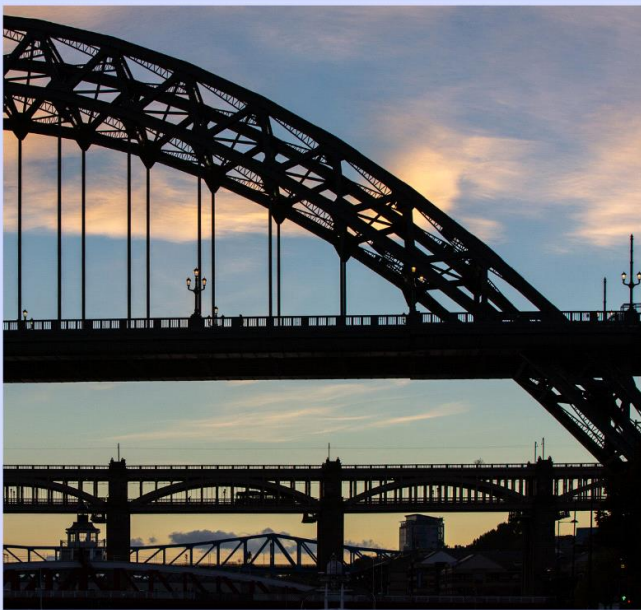
**M. Glossary**

AGS Annual Governance Statement  
SLA Service Level Agreement  
NECA North East Combined Authority  
JTC Joint Transport Committee

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# ANNUAL GOVERNANCE STATEMENT 2022/23



**NORTH  
OF TYNE**  
~~~~~  
**COMBINED  
AUTHORITY**

## Section 1: Introduction

This Annual Governance Statement provides an overview of how the North of Tyne Mayoral Combined Authority's governance and internal control arrangements operated during 2022/23, including how they are reviewed annually to ensure they remain effective.

## Section 2: Scope Of Responsibility

The North of Tyne Combined Authority (NTCA) is a cross-party, cross-region collaboration led by a Mayor and Cabinet to create 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.

It was established on 2 November 2018 to deliver the devolution deal agreed between Newcastle, North Tyneside and Northumberland Councils, the North East Local Enterprise Partnership (North East LEP) and Central Government. Devolution has given us the chance to make our own decisions about our own future - with a shift of power, funding and responsibility from central government to the region. It does not replace the three constituent councils, nor take away any of their statutory powers.

We work in partnership and create connections between our programmes and projects for the region. We target investment where we know we need it most and make connections between economic growth and providing the skills, education and confidence local people need to benefit. We work collaboratively with:

- The North East LEP to support delivery of the objectives of the regions Strategic Economic Plan. We are the accountable body of the North East LEP with all its funding decisions being held to account through NTCA.
- The North East Combined Authority to support the region, including transport. To oversee strategic transport functions a Joint Transport Committee has been established with members from both Combined Authorities.
- All seven Local Authorities, and other regional bodies on issues that relate to the wider region.

NTCA is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, the Authority's Cabinet and Statutory Officers are responsible for putting in place proper arrangements (known as a Governance Framework) for:

- (i) the governance of our affairs and
- (ii) facilitating the effective exercise of our functions, including arrangements for the management of risk

In relation to (ii) the Authority has developed a system of internal control designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- a) identify and prioritise the risks to the achievement of our, aims and objectives; and
- b) evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The Combined Authority has developed a Risk Management Strategy and Strategic Risk Register which is reported regularly at meetings of the Authority’s Audit and Standards Committee. This information can be found under the [Audit and Standards Committee on the Authority’s web-site](#).

### Section 3: Purpose Of The Governance Framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. The Chartered Institute of Public Finance and Accountancy (CIPFAs) publication “Delivering Good Governance in Local Government” (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against to consider the extent to which the Authority complies with the principles of good governance as set out in the Framework. This is reported through the Annual Governance Statement. It also enables us to monitor the achievement of the Authority’s priorities and to consider whether those priorities have led to the delivery of appropriate services which represent value for money.

The Governance Framework has been in place for the year ended 31 March 2023 and up to the date of approval of the Authority’s Annual Report and Accounts.

This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 (6) (1) to conduct a review of the effectiveness of the system of internal controls required by Regulation 3 and prepare an Annual Governance Statement.

### Section 4: The Governance Framework

The core principles and outcomes of our Governance Framework are set out overleaf. This includes examples of how the Authority has adhered to its governance commitments set out in the Constitution and includes hyperlinks to sources of further information which include more detail about how NTCA has implemented its commitments.

#### Principles of Good Governance

- |                                                                                                                             |                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <p><b>A.</b> Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p> | <p><b>E.</b> Developing the entity’s capacity, including the capability of its leadership and the individuals within it</p> |
| <p><b>B.</b> Ensuring openness and comprehensive stakeholder engagement</p>                                                 | <p><b>F.</b> Managing risks and performance through robust internal control and strong public financial management</p>      |
| <p><b>C.</b> Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>                     | <p><b>G.</b> Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>      |
| <p><b>D.</b> Determining the interventions necessary to optimise the achievement of the intended outcomes</p>               |                                                                                                                             |

## The Governance Framework

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

#### *The Authority's Commitment of Good Governance*

#### *How the Authority meets these principles*

#### *Where you can see Governance in action*

#### **Behaving with Integrity**

The 2023 budget and our medium-term financial plan for the period 2024-25 to 2026-27 has been developed within the context of the Authority's strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the Combined Authority's strategic plans are delivered within the financial resources available.

The Corporate Plan provides a clear blueprint for the work of the Authority and shows how it will deliver on the outcomes shaped by the Mayor and Cabinet. The Plan builds on well-established portfolios, clear strategic priorities and a culture of collaboration that is knitted into everything it does.

A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area which outlines a framework for collaborative working across the region.

A register of Members' interests (including gifts and hospitality) is also maintained. The register is reviewed on an annual basis.

The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.

[2023-2027 Budget Proposals \(Agenda item 6a– page 15\)](#)

[Working Together: Our Corporate Plan 2023-2024](#)

[Gifts and Hospitality Policy](#)

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                          | <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer and are the responsibility of the NTCA Chief Finance Officer.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Demonstrating Strong Commitment to Ethical Values</p> | <p>Our Constitution defines our standing orders, standing financial instructions, and scheme of delegation. These clearly define how decisions are taken and the processes and controls required to manage risks. We will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.</p> <p>The Monitoring Officer advises on compliance with our Constitution, ensuring that decision making is lawful, fair and ethical.</p> <p>Codes of conduct are set out in the Constitution, defining standards of behaviour for Members and Officers working on behalf of the Authority. Audit and Standards Committee deal with issues of conduct and generally promote high standards among officers and members.</p> <p>Our Freedom of Information Scheme is published on our website</p> <p>We ensure that there are effective arrangements for “Whistle-blowing” and for receiving and investigating complaints from the public. Administration of the Authority’s policies on anti-fraud and corruption is undertaken by Internal Audit. Whistleblowing policy and procedure is at Part 5.5 of our Constitution</p> <p>The Authority appoints Statutory Officers who have the skills, resources and support necessary to ensure statutory and regulatory requirements are complied with.</p> | <p>The <a href="#">Constitution</a> is available on the NTCA website.</p> <p>Cabinet Rules of Procedure (“Standing Orders”) can be found at <a href="#">part 3.1</a> of the Constitution</p> <p>Codes of Conduct can be found at <a href="#">Part 5.2</a> of the Constitution</p> <p><a href="#">Freedom of Information Scheme</a></p> <p><a href="#">Whistleblowing Policy</a></p> |

|                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                    |
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|                                                                                                                | <p>Data Protection and Confidentiality; Environmental; Equalities and Diversity; Inclusive Economy, Modern Slavery; and Social Value policies are in place and available on the Transparency page of our website.</p> <p>We work with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work which are outlined in our Corporate Plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p><a href="#">Transparency Policies</a></p> <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> |
| <p>Respecting the Rule of Law</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 86</p> | <p>NTCA has measures to address breaches of its legal and regulatory powers. The Authority’s Monitoring Officer has statutory reporting duties in respect of lawful decision and maladministration.</p> <p>We review and update our standing orders, standing financial instructions, scheme of delegation and support procedure notes/manuals – these clearly define how decisions are taken and the processes and controls required to manage risks.</p> <p>Scheme of Delegations - The proposed scheme identifies a number of officers as “designated officers” who can exercise the delegated functions allocated to them in the scheme. These designated officers are the Head of Paid Service, Chief Finance Officer, and Monitoring Officer, Chief Executive and Director of Policy and Performance, as well as the Chief Executive of the North East LEP (whose delegation relates to North East LEP matters only).</p> <p>Our financial management arrangements conform to the CIPFA Statement on the Role of the Chief Finance Officer.</p> <p>The Monitoring Officer is advised on compliance with our policy framework, ensuring that decision making is lawful and fair and ethical.</p> | <p><a href="#">Constitution</a> 2.9 – Scheme of Delegations</p>                                                    |



**B. Ensuring openness and comprehensive stakeholder engagement**

| <b><i>The Authority's Commitment to Good Governance</i></b>                                  | <b><i>How the Authority meets these principles</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b><i>Where you can see Governance in action</i></b>                                                                                                                                                              |
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| <p><b>Ensuring Openness</b><br/>Engaging Comprehensively with Institutional Stakeholders</p> | <p>We are clear on delivering the objectives of the Combined Authority and intended outcomes of our vision. Our Corporate Plan outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region</p> <p>The Authority's significant partners (Nexus and the North East LEP) provide signed assurance statements which contains an assessment of their governance and internal control systems. The statement provides additional evidence for this AGS.</p> <p>The Authority produces an Annual Report to set out the Authority's achievements and the work of the Mayor and Cabinet over the last year. The report 'Devolution Delivers' includes information on how NTCA is delivering its Vision through the three cross-cutting themes of Net Zero Transition, Inclusive Economy and Innovation in Recovery and across all the Delivery Themes. In addition, there are also annual updates from the Inclusive Economy Board, the</p> | <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> <p><a href="#">Devolution Delivers - Annual Report</a> (Agenda Item 5)<br/><a href="#">Devolution Delivers – Annual Report Document</a></p> |

Housing and Land Board and the Voluntary, Community and Social Enterprise Group

The Elected Mayor chairs the Cabinet and Cabinet decisions will be subject to scrutiny by the Overview and Scrutiny Committee. The Elected Mayor has a number of specific powers and financial resources which Cabinet can make representations on, and which can also be subject to scrutiny by the Overview and Scrutiny Committee.

Transport is of strategic importance to the North East and together with the North East Combined Authority a North East Joint Transport Committee has been established bringing together members from across the seven local authorities, allowing effective decision making across the region to ensure that the local needs and transport priorities are delivered.

The NTCA Adult Education Strategic Skills Plan sets out our ambitious programme for skills development. It highlights strengths, opportunities and challenges across our region and sets out the NTCA key priorities to ensure our residents have the skills to get a good job, progress in work and that employers have people with the right skills.

To make the Strategic Skills Plan a reality we launched a Flexible Procurement Framework for Post-16 Skills providers in November 2022. This new framework is an opportunity for providers to get involved and join up the region's skills and training offer, reduce duplication and make sure it will reach those communities most disadvantaged.

[Overview and Scrutiny Committee – Annual Report](#) – Agenda item 6

[North East Joint Transport Committee](#)

[Opportunity for All – North of Tyne Strategic Skills Plan 2021-2023](#)

[Market engagement event – Post 16 Flexible Procurement Framework for skills provision](#)

|                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Engaging stakeholders effectively, including individual citizens and service users</p> | <p>Meetings, agendas and minutes are accessible via the website. All meetings are held in public (other than where consideration of confidential or exempt information).</p> <p>We publish a register of key decisions to notify the public of the most significant decisions the Combined Authority is due to take. Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This allows an opportunity for people to find out about major decisions that NTCA is planning to take.</p> <p>Our Freedom of Information Scheme is published on our website.</p> <p>The appointment of a Mayoral Ambassador for the Voluntary, Community and Social Enterprise Sector (VCSE) and supporting Accord, which sets out a framework to deliver our shared vision of an inclusive economy.</p> <p>We continue to use Facebook and Twitter as primary social media platforms to provide information on news and events for residents, businesses and visitors.</p> <p>Our website includes a transparency page where you will find the non-financial information the North of Tyne Combined Authority is required to publish under the Local Government Transparency Code 2015.</p> <p>We continue to work closely with our adult education providers providing stability and flexibility to ensure delivery is maintained beyond the Covid-19 pandemic. The hyperlink to the mid-year update provides an update on provision for the period 1 August 2022 to 4 February 2023.</p> | <p>NTCA <a href="#">website</a></p> <p><a href="#">Forward Plan</a></p> <p><a href="#">Freedom of Information Scheme</a></p> <p><a href="#">VCSE Stakeholder Engagement Group Annual Report 2022/23</a> – Appendix 1c - page 17</p> <p><a href="#">Transparency Information</a></p> <p><a href="#">Devolved Adult Education Budget – mid year update</a> (Agenda item 8 – page 27)</p> |
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**C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

| <b><i>The Authority's Commitment to Good Governance</i></b>     | <b><i>How the Authority meets these principles</i></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b><i>Where you can see Governance in action</i></b>                                                                                                                                                                          |
|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Defining Outcomes</p>                                        | <p>The Corporate Plan sets out the ambitions of Cabinet for the authority for the year ahead with a roadmap for action. It captures the breadth of work undertaken and ensures activities are aligned allowing for clear collaborative working.</p> <p>The North East LEP works with its partners, which includes NTCA and NECA, to deliver the regions Strategic Economic Plan (SEP). The Plan reflects on recent changes to the global and national economy as well as the UK's departure from the European Union. It also looks at how the North East can maximise opportunities around the UK's Industrial Strategy.</p> <p>We incorporate good governance arrangements in our partnerships and reflect these in our overall governance arrangements.</p> | <p><a href="#">Working Together: Our Corporate Plan 2023-2024</a></p> <p><a href="#">Strategic Economic Plan</a></p> <p><a href="#">UK's Industrial Strategy.</a></p> <p><a href="#">Significant Partnership Register</a></p> |
| <p>Sustainable, Economic, Social and Environmental Benefits</p> | <p>To build on the engagement that is already happening across the North of Tyne region regarding climate change, Cabinet has approved the creation of a Citizens' Assembly to look at a specific set of issues relating to climate change.</p> <p>NTCA have embedded our 'zero-carbon – zero poverty' approach; the Energy, Green Growth and Climate Change programme, improving the north bank of the Tyne, green crowdfunding and our Green New Deal which will create jobs, reduce emissions, and save money – it's the kind of</p>                                                                                                                                                                                                                       |                                                                                                                                                                                                                               |

innovation that's needed for local areas to become net-zero. Creating jobs need not cost the Earth.

As part of the business planning process the Authority sets out how it will work towards its agreed equality objectives, with Equality Impact Assessments undertaken to ensure we consider the likely impact of our policies and plans on different groups of people to ensure they do not inadvertently disadvantage anyone.

Equality implications are considered in all our decision-making reports - with reporting templates prompting report authors to record the equality implications arising from their reports.

Our Social Value Policy sets out how the Authority will deliver social value through their commissioning and procurement activities and to set the Authority's priorities in relation to social value.

NTCA has developed a programme to understand what 'Good Work' should look like in the North of Tyne and how NTCA can promote and reward employers that are offering the elements of 'Good Work'. This has included the development of a Good Work Pledge, which enables 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. The pledge covers over 40,000 employees who now have secure employment, a decent wage and proper representation and a ladder to boost skills to turn a job into a career.

[Annual update on NTCA's performance against its Equality Objectives 2021-25](#)  
(Agenda item 9 – page 35)

[Social Value Policy](#)

[Good Work Pledge Article](#)

The Adult Education Budget provision supports key elements of the North East Strategic Economic Plan, and the emerging Local Industrial Strategy and plays a key role in NTCA's economic growth and reform agenda.

We established a digital equipment loan scheme to support residents across the region giving them access to digital services and opportunities during the pandemic. Encouraging digital inclusion for everyone will help our residents' access new opportunities and in turn support our inclusive economy.

Inclusive Economy Board was launched in March 2020 and advises the NTCA Cabinet on inclusive economy interventions across the North of Tyne area, championing the NTCA vision and supporting the area to become a national exemplar in inclusive growth

The Housing and Land Board provides robust governance around an integrated strategic approach to improving the quality and quantity of homes in the North of Tyne area.

A North of Tyne Poverty Truth Commission will bring together community, civic and business representatives with people with experience of living in poverty. It will aim to better understand the specific effects of the Covid -19 pandemic for people living in Newcastle, North Tyneside, and Northumberland and come up with practical solutions. The project began in August 2021 and will run for two years.

Crowdfund North of Tyne will fund projects to help communities - its aim is to bring people together, create or improve green spaces, improve mental health, inspire

[Adult Education Budget Annual Update – Agenda Item 8](#)

[Digital Inclusion Scheme](#)

[Inclusive Economy Board Annual Report 2022/23 – 1a page 11](#)

[Housing and Land Board Annual Report 2022/23– 1b page 13](#)

[Children North East to lead on Poverty Truth Commission](#)

[Education Improvement and Child Poverty Prevention Report – Agenda item 7 – Page 19](#)

[Crowdfund North of Tyne](#)

|  |                                                                                                |  |
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|  | creativity and opportunity for all, or support social enterprise and co-operative development. |  |
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| D. Determining the interventions necessary to optimise the achievement of the intended outcomes |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                   |
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| <i>The Authority's Commitment to Good Governance</i>                                            | <i>How the Authority meets these principles</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <i>Where you can see Governance in action</i>                                                                                                                                                                                                                                     |
| Determining Interventions<br><br>Page 93                                                        | <p>Cabinet approved its draft budget for 2023/24, and the medium-term financial plan for the period 2024/25 to 2026/27 at its January 2023 meeting.</p> <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p> <p>A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting</p> | <p><a href="#">Cabinet Report</a> (Agenda item 6a – Page 16)</p> <p><a href="#">Constitution (Part 1.2)</a></p> <p><a href="#">Cabinet Scrutiny Protocol (Agenda item 6)</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 6 – Page 17</p> |

|                                             |                                                                                                                                                                                                                                                                                                                                                                  |                                                                                              |
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|                                             | Strategic risks are owned by our Senior Leadership Team and reported to Audit and Standards Committee on a regular basis                                                                                                                                                                                                                                         | <a href="#">Strategic risks and opportunities register report April 2023</a> - Agenda item 8 |
| Optimising Achievement of Intended Outcomes | The strategic, crosscutting nature of much of the Authority's work means that delivery is often achieved through collaboration with NTCA partners and North of Tyne Council's. An example of this collaboration is in our Recover, redesign, reimagine plan which was put forward to Government demonstrating our commitment to post-covid recovery and renewal. | <a href="#">Recover, Redesign, Reimagine</a>                                                 |

**E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

| <b>The Authority's Commitment to Good Governance</b>                             | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                  | <b>Where you can see Governance in action</b>                                                     |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Developing the Organisation's Capacity                                           | We have defined and documented in our Constitution the roles and responsibilities of Cabinet, Scrutiny and 'proper' officer functions (Head of Paid Service, Monitoring Officer, Chief Finance Officer), with clear delegation arrangements and protocols for effective communication. The collective and individual roles and responsibilities of the Cabinet, Members and Officers have been agreed by the Combined Authority. | <a href="#">Part 2 Constitution – Responsibility for Functions - NTCA (northoftyne-ca.gov.uk)</a> |
| Developing the Capability of the Organisation's Leadership and Other Individuals | We identify and aim to address the development needs of members and senior officers through the annual appraisal process, in relation to their strategic roles, and support these with appropriate training.                                                                                                                                                                                                                     |                                                                                                   |



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|  | <p>Values and behavior's workshops have been delivered to all staff, with staff appraisals undertaken with agreed targets and objectives linked to NTCA's work programme.</p> <p>Staff are also reminded of our information governance/data security requirements whilst working remotely, to ensure they continue to work safely and securely. Additional health and safety modules have been made available on our Learning Management System alongside advice from the Health &amp; Safety Executive to ensure all our staff work safely at home.</p> |  |
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| <b>F. Managing risks and performance through robust internal control and strong public financial management</b> |                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>The Authority's Commitment to Good Governance</b>                                                            | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                   | <b>Where you can see Governance in action</b>                                                              |
| Managing Risk                                                                                                   | <p>Our Risk and Opportunity Management Policy and Strategy outlines our arrangements for managing risk. Risk management is an integral part of our decision-making processes. To inform decision making all committee reports include a section which highlights the key risks to the decisions or proposed recommendations and how they are being addressed.</p> |                                                                                                            |
| Managing Performance                                                                                            | <p>Cabinet and Overview and Scrutiny Committees receive quarterly finance reports, monitoring the Authority's financial position and treasury management activity.</p>                                                                                                                                                                                            | <p><a href="#">Overview and Scrutiny Committee March 2023 Budget Monitoring Report</a> - Agenda item 8</p> |

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|                                                                                                                     | <p>Cabinet and Overview and Scrutiny Committees receive six monthly reports monitoring the financial position of the North East LEP and Invest North East England.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p><a href="#">Funding Decisions</a> – Agenda item 13</p>                                                                                           |
| <p>Effective Overview and Scrutiny</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 96</p> | <p>Our scrutiny arrangements enhance accountability and transparency of decision making. The Overview and Scrutiny Committee acts in accordance with the principles of decision making as set out in our Constitution (Part 1.2) and will call-in decisions where there is evidence which suggests that the decision was not taken in accordance with the principles.</p> <p>A Cabinet Scrutiny Protocol has been agreed which defines the relationship between Cabinet and Overview and Scrutiny Committee, providing a framework for disagreement and debate and a way to manage it when it happens.</p> <p>A Scrutiny Annual Report was presented to Cabinet at its Annual Meeting</p> <p>There are regular meetings between the Mayor and the Chair and Vice Chair of Overview and Scrutiny Committee.</p> | <p><a href="#">Adoption of Cabinet-Scrutiny Protocol</a></p> <p><a href="#">Overview and Scrutiny Committee – Annual Report</a> – Agenda item 6</p> |
| <p>Robust Internal Control</p>                                                                                      | <p>An Officer holds the position of Data Protection Officer and is responsible for overseeing the Authority’s Data Protection and Confidentiality Strategy and its implementation to ensure compliance with the General Data Protection Regulations.</p> <p>The Authority regularly reviews policies relating to records management, data quality, data protection and information security.</p> <p>The Audit and Standards Committee acts as principle advisory committee to NTCA, providing independent</p>                                                                                                                                                                                                                                                                                                  | <p><a href="#">Data Protection and Confidentiality Strategy</a></p>                                                                                 |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                           |
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|                                           | <p>assurance on the adequacy of the risk management framework and internal control environment.</p> <p>An assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the Authority’s internal auditors. The Chief Internal Auditor will provide an annual opinion for 2022/23 to support this Annual Governance Statement.</p> <p>A 2023/24 Strategic Audit Plan which was approved by Audit and Standards Committee April 2023, has been prepared to ensure Internal Audit resources are deployed in areas that will provide optimum benefit and value to the Authority. Progress against the 2022/23 Audit Plan was reported to Audit and Standards Committee at its January 2023 meeting.</p> | <p><a href="#">Internal Audit report April 2023</a> – Agenda item 12)</p> |
| <p>Managing Data</p>                      | <p>All staff must undertake data protection e-learning training annually. The programme of training and awareness for all staff and members continues during 2023/24.</p> <p>The Authority makes information available to the public via the information access regimes provided for by the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.</p>                                                                                                                                                                                                                                                                                                                                                                                   | <p><a href="#">Freedom of Information Scheme</a></p>                      |
| <p>Strong Public Financial Management</p> | <p>The control and financial management arrangements are reviewed by internal and external audit throughout the year. The outcomes for 2022/23 are noted in Section 5 of this Annual Governance Statement – Annual Review of Effectiveness of Governance Framework.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                           |

**G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

| <b>The Authority's Commitment to Good Governance</b>           | <b>How the Authority meets these principles</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Where you can see Governance in action</b>                                                                                                                               |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Implementing Good Practice in Transparency                     | <p>Mayor's Question Time – Mayor Driscoll hosts regular themed online Mayor's question time, welcoming questions and comments on key issues.</p> <p>We publish details of delegated decisions on our website.</p> <p>We publish NTCA's £500+ spend monthly</p>                                                                                                                                                                                                                                                    | <p>Mayor's Facebook Page - Mayor's question time</p> <p><a href="#">delegated decisions on our website.</a></p> <p><a href="#">2022/23 Transparency Spend Documents</a></p> |
| <p>Implementing Good Practices in Reporting</p> <p>Page 98</p> | <p>We ensure that our Audit and Standards Committee undertakes the core functions identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018.</p> <p>Internal Audit compliance with Public Sector Internal Audit Standards</p> <p>Production of the Authority's Annual Report and Accounts</p>                                                                                                                                                                             | <p><a href="#">Review of Audit and Standards Committee Arrangements</a> – April 2023 – Agenda item 10</p>                                                                   |
| Assurance and Effective Accountability                         | <p>The Assurance Framework explains the arrangements for NTCA to:</p> <ul style="list-style-type: none"> <li>• Demonstrate that arrangements are in place to ensure accountable and transparent decision-making</li> <li>• Appraise projects and allocate funding; and</li> <li>• Monitor and evaluate projects to ensure that they achieve value for money and projected outcomes</li> </ul> <p>The Assurance Framework has been designed to meet the National Guidance for Single Pot Assurance Frameworks,</p> |                                                                                                                                                                             |

issued by MHCLG for localities in receipt of a Single Pot as part of their Devolution Deals.

Section 5 of this Annual Governance Statement provides the views of our internal and external auditors. Auditors report regularly to Audit and Standards Committee and provide their annual opinion on the adequacy of the effectiveness of our governance, risk and control framework.

The Authority monitors the implementation of internal and external audit recommendations. Audit and Standards Committee receive regular reports summarising performance regarding implementation of recommendations.

Information on expenditure, performance and decision making is sited together on the Transparency page of the Authority's website and can be accessed quickly and easily.



## Section 5: Annual Review Of Effectiveness Of Governance Framework

We have a legal responsibility to conduct an annual review of the effectiveness of our governance framework, including the system of internal control. The review is led by Officers and Members of Audit and Standards Committee who provide independence and challenge. The review is informed by:

- (a) An assessment of the Authority's Constitution, including its committee structure.
- (b) The views of Internal Audit. The Chief Internal Auditor's report to the July 2023 Audit and Standards Committee gives the following opinion on the adequacy and effectiveness of the framework of governance, risk management and control in place for the North of Tyne Combined Authority for 2022/23: The opinion of the Interim Chief Internal Auditor is that the framework of governance, risk management and control is satisfactory overall. This is a positive assessment of the control environment of the organisation.
- (c) Assurance from Statutory Officers, including the Monitoring Officer, Chief Finance Officer and Senior Information Risk Owner, through written signed statements.
- (d) The views of External Auditors.
- (e) The results of the Authority's self-assessment of compliance with the new CIPFA Financial Management Code
- (f) Activity of the Audit and Standards Committee, including ethical governance
- (g) Partnerships, including the North East Joint Transport Committee
- (h) The Risk Management process, particularly the Strategic Risk Register
- (i) Performance information which is reported to Cabinet and other meetings on a regular basis.

## Section 6: North East Joint Transport Committee and North East Combined Authority

Regional transport is operated and governed by the North East Joint Transport Committee, bringing together the two Combined Authorities, which allows effective decision-making across the region to ensure that the local needs and transport priorities are delivered. The Committee receive regular updates on North East and Regional Transport Plans. The Committee also receive regular updates from the Managing Director, Transport North East, in respect of transport partnerships, including East Coast Mainline, HS2 and Northern Powerhouse Rail.

The Joint Transport Committee, Audit Committee is also a key component of the corporate governance arrangements and is an important source of assurance about the Joint Transport Committee's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and performance matters.

The Joint Transport Committee also has an Overview and Scrutiny Committee to enable local councillors, on behalf of their communities, to scrutinise and challenge the Joint Transport Committee, its committees and Nexus, and to investigate matters of strategic importance to residents with a view to influencing and adding value to the decisions.

## Section 7: North East Devolution Deal

The leaders of County Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland councils have agreed in principle to a devolution deal which the Government has confirmed it is 'minded to' approve.

A devolution deal for the region means unlocking £4.2 billion of investment, over 30 years, and seeing additional powers transferred from Whitehall to local people with better knowledge and experience of our communities.

It is expected to create 24,000 extra jobs, create 70,000 courses to give people the skills to get good jobs and leverage £5.0 billion of private sector investment.

This deal represents a significant opportunity to make a difference to people who live and work in the North East and could have a hugely positive impact on the big issues that matter.

Whether that is new and better paid jobs, more affordable housing or placing ourselves at the forefront of Net Zero revolution, the chance of more decision-making powers and millions of pounds in funding will have a major impact on the North East.

This devolution deal is subject to adopting the model of a directly elected mayor over the whole of the Combined Area and replacing the North of Tyne Mayoral Combined Authority and the North East Combined Authority, with a single new North East Mayoral Combined Authority.

The new authority, which would cover an area which is home to around 2 million people, will have the power to make decisions on areas such as transport, skills, housing, finance and economic development.

A public consultation was launched in January 2023 inviting residents, businesses and anyone else in the region to submit their views on this historic deal. The consultation period ended on 23 March, with all 7 Local Authority Cabinets. The next stage will involve submitting a consultation report to the Secretary of State (SoS). The SoS will decide whether the statutory criteria have been met to make the necessary order to establish the new mayoral combined authority.

It is anticipated that this request will be made in the autumn ahead of the parliamentary process for the laying and making of the order. It is envisaged that the new mayoral combined authority would come into existence in May 2024 at the point at which the mayoral election would take place.

## Section 8: Significant Weaknesses In Governance and Internal Control

The system of governance (including the system of internal control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

The review highlighted no significant weaknesses in governance or internal control during 2022/23.

## Section 9: Conclusion

We consider the governance and internal control environment operating during 2022/23, to provide reasonable and objective assurance that any significant risks impacting on the achievement of our principal objectives will be identified and actions taken to avoid or mitigate their impact.

The annual review has shown that the arrangements for 2022/23 are in place and operating as planned.

**Mayor of the North of Tyne Combined Authority**

**Full Name: Jamie Driscoll**

**Signature:**

**Date:**

**Chair of Audit and Standards Committee**

**Full Name: David Willis**

**Signature:**

**Date:**

**Chief Executive**

**Full Name: Henry Kippin**

**Signature:**

**Date:**

**Chief Finance Officer**

**Full Name: Janice Gillespie**

**Signature:**

**Date:**





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# Draft Narrative Report year ended 31 March 2023



# Narrative Statement

## Introduction

This Narrative Report provides information about the North of Tyne Combined Authority (NTCA) and includes the key issues affecting the Combined Authority and its accounts. This report provides an explanatory narrative to key elements of the statements and sections in the accounts and provides a summary of the Combined Authority's financial performance for 2022/2023 and its future financial prospects.

The report provides the reader with:

- A guide to the different financial statements within the Statement of Accounts.
- An overview of the activities and significant matters which have occurred during the year.
- A summary of the Combined Authority's financial performance during the year ending 31 March 2023.
- A look ahead to 2023/2024 and beyond.
- Confidence in the Combined Authority's stewardship of public money and that it has been accounted for in an appropriate manner.

The Statement of Accounts contains all the financial statements and disclosure notes required by statute, prepared in accordance with the proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts give a true and fair view of the financial position of the Combined Authority. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.

The accounts feature four main financial statements:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cashflow Statement

The purpose of each of the above statements is described at the end of this report and the actual statements are contained within the accompanying Statement of Accounts document, which also includes detailed notes providing further backup relating to specific amounts and balances.

The purpose of this Narrative Report is to collectively provide a comprehensive view of the Combined Authority's financial position, including that of the North East Local

Enterprise Partnership (North East LEP) and Invest North East England (INEE) for which the North of Tyne Combined Authority became the accountable body on the 1 April 2020.

The format of the accounts reflects the impact of the Newcastle upon Tyne, North Tyneside, and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) which changed the boundaries of the former North East Combined Authority (NECA) on the 2 November 2018 and established the North of Tyne Combined Authority (NTCA) as well as the North East Joint Transport Committee.

The report enables readers to focus on the key elements of the Statement of Accounts and contains the following sections:

- Annual Governance Statement.
- About North of Tyne Combined Authority.
- Key Facts about Governance Arrangements.
- Financial Performance of the Combined Authority 2022/2023 including the North East LEP (North East LEP) and Invest North East England (INEE).
- Non-Financial Performance of the Combined Authority 2022/2023.
- Key Priorities and upcoming Milestones
- Significant Issues for 2023/24 and beyond.
- Explanation of Accounting Statements included within the Statement of Accounts.
- Implementation of the Devolution Order.
- Joint Transport Committee.

## **Annual Governance Statement**

The Combined Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Further information is available in the Annual Governance Statement which will be presented to the Audit and Standards Committee in conjunction with the Statement of Accounts. The Statement explains how the Combined Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Statement can be found on the Combined Authority's website: [NTCA 2022/23 Annual Governance Statement](#)

## **About North of Tyne Combined Authority (NTCA)**

The North of Tyne Combined Authority (NTCA) was established on the 2 November 2018 as a legal body led by an Elected Mayor. The North of Tyne Combined Authority manages a range of powers on housing, transport, infrastructure, skills,

and employment. Decisions are made locally to benefit our local economy and the people who live, work, study and visit here.

NTCA was established to give effect to a 'minded to' devolution deal which was agreed between the three councils, the North East LEP and central government. At the same time, the North of Tyne Combined Authority was established, the North East Joint Transport Committee (JTC) was created, which continues to exercise the Transport functions.

The JTC brings together members from both NTCA and NECA, to allow effective decision making across the region and to ensure that the local needs and transport priorities are delivered. NECA has retained the Accountable Body role for Transport on behalf of the North East Joint Transport Committee. NTCA became the Accountable Body for the North East LEP as of 1 April 2020.

A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area that outlines a framework for collaborative working across the region.

The devolution deal represents a significant shift of powers, funding, and responsibility from central government to the local level. The deal enables the three councils to pursue, through NTCA, a shared ambition for an inclusive economy. NTCA does not replace the three constituent councils, nor does it take away any of their statutory powers.

NTCA is a Mayoral Combined Authority. The first mayoral election was held on 2 May 2019. Jamie Driscoll was elected as the Mayor for the North of Tyne Combined Authority for a term of 5 years.

## **Key facts about North of Tyne Combined Authority**

- North of Tyne describes the area covered by North Tyneside, Newcastle, and Northumberland.
- It begins with the southernmost parts of Northumberland which border Gateshead and then County Durham along the River Derwent. Heading along the Tyne Valley, the border with Cumbria forms the western boundary up to the Scottish Border. The Scottish Border forms the northern boundary with Berwick-upon-Tweed on the east coast being the most northerly town. The North Sea along the Northumberland and North Tyneside coastline forms the eastern boundary. Newcastle upon Tyne is the only city within the boundaries.
- The area has a population of 829,000, a local economy of £19.726m, over 426,000 jobs and it is home to 25,490 businesses.
- The bulk of expenditure is funded through devolved funding secured through the devolution deal, in conjunction with contributions from the three constituent authorities.

## **Key Facts about Governance Arrangements**

NTCA is a Mayoral Combined Authority. It has a range of functions some of which are identified as being Mayoral Functions. Decisions on these functions must be made by the Mayor. Decisions on all other functions must be taken by the Mayor and representatives of the constituent councils acting together as the Cabinet. All details of Governance arrangements pertaining to NTCA can be found within our Constitution which is available on North of Tyne Combined Authority website: [NorthofTyne](#)

## **NTCA Order and Constitution**

The first mayoral election was held on 2 May 2019. Jamie Driscoll was elected as the Mayor for the North of Tyne Combined Authority. The Elected Mayor chairs the Cabinet and has a number of specific powers and financial resources. Decisions by the Elected Mayor and/or Cabinet are subject to scrutiny by the Overview and Scrutiny Committee.

## **Management Structure**

Senior Officers of NTCA during 2022/2023, consisted of, the Chief Executive (Designated Head of Paid Service), Director of Policy and Performance, the Director of Finance (Section 73 Officer), and the Monitoring Officer. The Monitoring Officer is a seconded post from one of the three Constituent Councils, Newcastle City Council.

At the NTCA Annual Meeting on 7 June 2022, the Managing Director title was changed to Chief Executive of North of Tyne Combined Authority.

The Combined Authority has grown to 71 employees during 2022/23 with support services being provided under Service Level Agreements with the three constituent North of Tyne authorities.

## **North of Tyne Vision and Purpose**

The North of Tyne 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.

NTCA work in partnership, to create connections between programmes and their projects and are inclusive. Devolution has given the NTCA chance to target investment where it is needed most, making a strong connection between economic growth, and providing people with the skills, education, and confidence to benefit from every opportunity.

## NORTH OF TYNE... A SNAPSHOT



### UK ECONOMY CURRENTLY BUFFETED BY ONGOING IMPACT OF HIGH INFLATION AND THE COST OF LIVING CRISIS

The official measure of inflation rose to 11% last year, with the price of energy and the weekly shop increasing even faster than this.

With pay growth lagging inflation, most households have seen a reduction in their spending power.



### THE LATEST ECONOMIC FORECASTS PUBLISHED ALONGSIDE THE GOVERNMENT'S BUDGET POINT TO:

A weak economy this year, before recovery in 2024.

Inflation falling sharply, to around 3% by the end of the year.

A reduction in the level of household saving, as household income continues to be squeezed.



### ACROSS THE NORTH OF TYNE:

Rising costs squeezing household income, and this has a knock-on impact on businesses.

Good news is that the number of people receiving out-of-work benefits is down by 15,000 since the peak of the pandemic...

The headline rate of unemployment has fallen back to below pre-covid levels, but employment remains well below its previous peak...

8,000 more people who are not working due to long-term sickness, in many cases due to the effects of covid.



### LOOKING FURTHER AHEAD, OUR REGION CAN LEAD THE RECOVERY TOWARDS A MORE SUSTAINABLE AND INCLUSIVE ECONOMY:

We are powering the UK's green economy, including investment and new jobs in offshore energy and battery manufacturing.

We are unlocking inclusive innovation in our businesses by strengthening our links to our world-class health, digital, research, Catapult and innovation assets.

We are seeing an increased commitment to Good Work, which now covers 50,000 employees across more than 100 organisations.

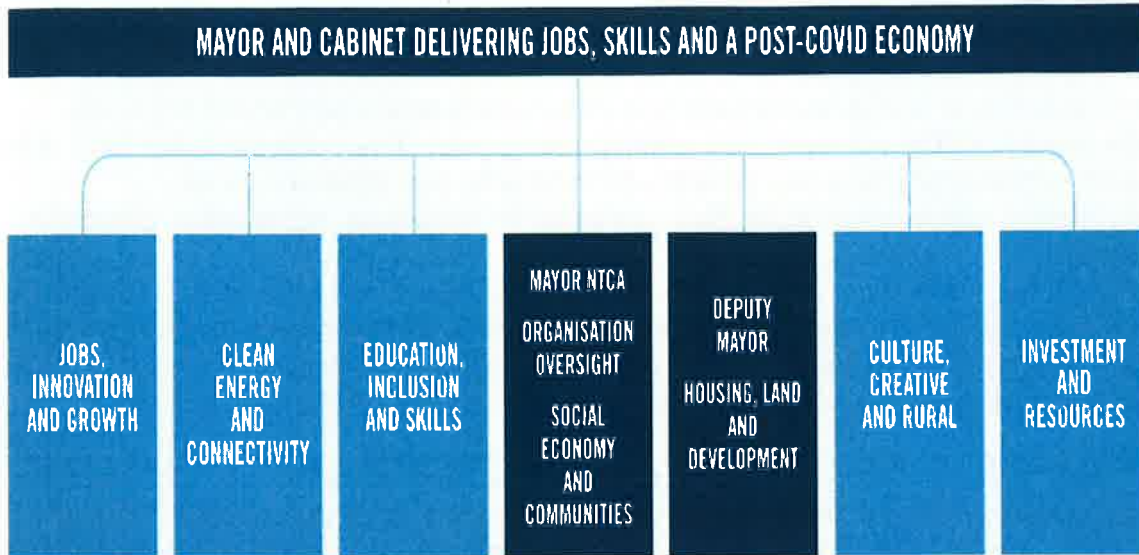
The North East will see the positive benefits from the largest devolution deal in the UK, with £4.2bn of investment.



## Delivering together...

NTCA are addressing the regional challenges, outlined above, through a bold programme of investment and reform – which is designed, delivered, and governed through collaboration. NTCA Cabinet has overseen rapid progress since its establishment, and works together to deliver the biggest social, economic and climate return possible.



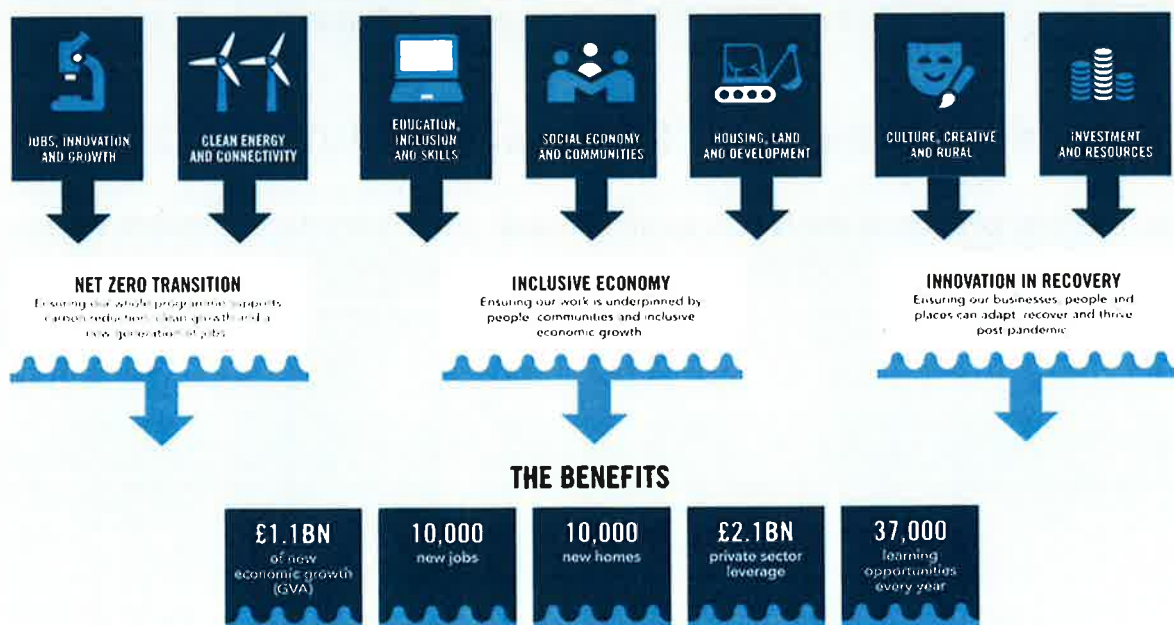


Cabinet Members lead specific portfolios and give collective strategic direction and oversight of NTCA work. This also ensures that local priorities are reflected, and that the connection is maximised between our urban, rural, and coastal geographies and our unique local assets and strengths.

The Mayor chairs the Cabinet, provides oversight of the programme, and plays a key role engaging with citizens, businesses, voluntary sector partners and with Government. All are supported by an executive team built on close partnership between NTCA and constituent Local Authority officers.

### Cross-cutting Themes

NTCA portfolios are underpinned by three cross-cutting priorities, which underpin everything the Combined Authority does. They are net zero, an inclusive economy and innovation in recovery. Together these portfolios and priorities form the NTCA strategic plan.



## **Funding, Investment and Resources**

The foundation of NTCA investment is a £600m fully devolved investment fund, which delivers £20m per year over a thirty-year period. The purpose of the fund is to support accelerated, inclusive growth which creates new jobs and skills opportunities, which helps build the foundation for long term, sustainable growth in the region.

The NTCA Investment Fund is augmented by new funding streams worth almost £700m which have been secured since the original Deal, including the Adult Education Budget, Brownfield Housing Fund and UK Social Prosperity Fund.

The North of Tyne Cabinet agreed a headline Investment Plan in April 2019 which set out ambitions for delivery across a five-year period utilising the first £100m of Investment funds. This plan covered 'business', 'people' and 'place' elements as well as providing flexibility for NTCA to pursue strategic opportunities as they arise. A small proportion is used to enable the Combined Authority to realise and effectively manage project delivery.

Over £118m of this initial tranche has been committed and is in the process of being invested into tangible projects. This has helped attract a further £282m of private sector investment.

## **Headline Targets**

The devolution deal is committed to adding an additional £1.1bn Gross Valued Added (GVA) to the economy, delivering 10,000 new jobs and leveraging over £2.1bn in private sector investment. This is a 'job a day' through the lifetime of the deal with every £1 invested generating a further minimum of £3.50 of private sector investment.

NTCA are on track to meet and exceed these targets, with over 5,049 projected new jobs already in the pipeline which will turn into real, sustainable careers for our citizens.

## **Financial Performance of the Combined Authority 2022/23**

The financial position of the NTCA as at 31 March 2023 is shown in Table 1 overleaf:

**Table 1: 2022/23 Budget Outturn**

| <b>Summary Outturn<br/>2022/23</b> | <b>Budget<br/>2022/23</b> | <b>Outturn<br/>2022/23</b> | <b>Variance</b> |
|------------------------------------|---------------------------|----------------------------|-----------------|
|                                    | <b>£m</b>                 | <b>£m</b>                  | <b>£m</b>       |
| Investment Fund Expenditure Budget | 45.000                    | 33.776                     | 11.224          |
| Corporate Budget                   | 0                         | 0                          | 0               |
| UK SPF and Multiply                | 6.963                     | 3.018                      | 3.945           |
| Brownfield Housing                 | 5.552                     | 1.046                      | 4.506           |
| Adult Education Budget             | 25.192                    | 25.192                     | 0               |
| Bootcamps Wave 3                   | 5.531                     | 3.017                      | 2.514           |
| <b>Total</b>                       | <b>88.238</b>             | <b>66.049</b>              | <b>22.189</b>   |

**Corporate Budget Outturn**

A more detailed outturn for 2022/23 Corporate Budget is set out below in Table 2.

**Table 2: 2022/23 Corporate Budget Outturn**

| <b>Corporate Budget 2022/2023</b>          | <b>2022/2023<br/>Budget</b> | <b>2022/2023<br/>Outturn</b> | <b>Variance</b> |
|--------------------------------------------|-----------------------------|------------------------------|-----------------|
|                                            | <b>£m</b>                   | <b>£m</b>                    | <b>£m</b>       |
| <b>Expenditure</b>                         |                             |                              |                 |
| Staffing/Secondments                       | 3.393                       | 3.622                        | 0.229           |
| Advisors External                          | 0.100                       | 0.171                        | 0.071           |
| Contribution to Reserves                   | 0.800                       | 1.486                        | 0.686           |
| Other Expenditure                          | 1.103                       | 0.911                        | (0.192)         |
| SLA with Constituent Authorities           | 0.285                       | 0.412                        | 0.127           |
| JTC Levy                                   | 29.335                      | 29.335                       | 0.000           |
| <b>Gross Expenditure</b>                   | <b>35.016</b>               | <b>35.937</b>                | <b>0.921</b>    |
|                                            |                             |                              |                 |
| <b>Income</b>                              |                             |                              |                 |
| Investment Fund Contribution               | (2.649)                     | (2.149)                      | 0.500           |
| Mayoral Capacity Fund                      | (1.000)                     | (1.000)                      | 0.000           |
| Contributions from Constituent Authorities | (0.111)                     | (0.111)                      | 0.000           |
| Levelling up Capacity Grant                |                             | (0.625)                      | (0.625)         |
| Adult Education Budget Contribution        | (0.678)                     | (0.678)                      | 0.000           |
| Bootcamps                                  | -                           | (0.502)                      | (0.502)         |
| UKSPF and Multiply Top slice               | -                           | (0.365)                      | (0.365)         |
| Programme support costs recovered from IF  | (0.832)                     | (0.516)                      | 0.316           |
| Brownfield Housing Programme Costs         | (0.104)                     | (0.104)                      | 0.000           |
| Other Grants and Contributions             | (0.132)                     | (0.050)                      | 0.082           |
| Investment Interest Receivable             | (0.175)                     | (0.502)                      | (0.327)         |
| JTC Levy                                   | (29.335)                    | (29.335)                     | 0.000           |
| <b>Gross Income</b>                        | <b>(35.016)</b>             | <b>(35.937)</b>              | <b>(0.921)</b>  |
| <b>Net (Income)/Expenditure</b>            | <b>0.000</b>                | <b>0.000</b>                 | <b>0.000</b>    |

## Investment Fund Outturn

Table 3 sets out the detailed outturn against the budget for the Investment Fund:

**Table 3: 2022/23 Investment Fund Budget Outturn**

|                                          | <b>2022/2023<br/>Budget</b> | <b>2022/2023<br/>Outturn</b> | <b>Variance</b> |
|------------------------------------------|-----------------------------|------------------------------|-----------------|
| <b>Expenditure</b>                       | <b>£m</b>                   | <b>£m</b>                    | <b>£m</b>       |
| Business Case Development Fund           | 0.500                       | 0.454                        | (0.046)         |
| Workstreams                              | 41.600                      | 30.960                       | (10.640)        |
| Technical Support                        | 0.250                       | 0.213                        | (0.037)         |
| Corporate Contribution                   | 2.650                       | 2.149                        | (0.501)         |
| <b>Total Expenditure</b>                 | <b>45.000</b>               | <b>33.776</b>                | <b>(11.224)</b> |
| Income                                   | (20.000)                    | (20.000)                     | -               |
| <b>Total Income</b>                      | <b>(20.000)</b>             | <b>(20.000)</b>              | <b>0.000</b>    |
| <b>Net (Income)/Expenditure Position</b> | <b>25.000</b>               | <b>13.776</b>                | <b>11.224</b>   |

**Table 4: Commitment against Investment Fund Thematic Area**

|                                        | <b>Committed</b> | <b>%Allocated</b> |
|----------------------------------------|------------------|-------------------|
|                                        | <b>£m</b>        | <b>%</b>          |
| Business                               | 55.28            | 46.54             |
| People                                 | 19.73            | 16.61             |
| Place                                  | 23.07            | 19.42             |
| Major Strategic Economic Opportunities | 17.23            | 14.50             |
| Business Case Development Fund         | 3.48             | 2.93              |
|                                        | <b>118.79</b>    | <b>100.00</b>     |

The financial performance reported in Table 3 is actual spend against the Investment Fund Plan during 2022/2023, but clearly Table 4 illustrates the significant progress made in decisions and actions to deliver the overall programme. Delivery against the Investment Fund Programme reflects an improvement in project delivery following the impact of Covid-19 which had been felt across the programme in the two previous financial years, where a number of projects re-profiled expenditure into future years.

Within the Investment Fund outturn figures the following expenditure on projects relate to capital:

|                                            | 2020/21<br>£m | 2021/22<br>£m | 2022/23<br>£m | 2023/24<br>£m | 2024/25<br>£m |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| NU Futures                                 | 0.335         | 1.636         | 0.028         |               |               |
| North Shields Fish Quay                    |               | 0.346         | 1.084         | 0.242         |               |
| Swans Energy Park                          |               |               | 2.000         |               |               |
| Spirit of North Tyneside                   |               |               | 0.249         |               |               |
| Community Hubs Northumberland              |               | 0.010         |               |               |               |
| CCZ – North Tyneside                       |               |               | 0.142         | 0.657         |               |
| Energy Central Learning Hub (ECLH)         |               |               |               | 1.000         |               |
| Northumberland Line Newsham Bridge         |               |               |               | 5.000         |               |
| Berwick CCZ                                |               |               |               | 0.100         |               |
| North Bank of the Tyne EZ Phase 1          |               | 0.110         | 0.372         | 0.317         |               |
| North Bank of the Tyne EZ Phase 2          |               |               |               | 1.000         | 2.444         |
| Bates Clean Energy Terminal                |               | 0.752         | 1.457         | 0.113         |               |
| Clean Energy Park, Howdon Yard and Quay    |               |               | 2.791         | 0.038         |               |
| Technology Development Centre              |               |               |               | 1.000         | 1.000         |
| NEP1 Battle Wharf                          |               |               | 0.508         | 0.741         |               |
| Northumbria Healthcare Laundry Facility    |               |               | 0.082         |               |               |
| Neptune & Swans Energy Parks Enabling Work |               |               |               | 0.141         |               |
| <b>Total</b>                               | <b>0.335</b>  | <b>2.854</b>  | <b>8.713</b>  | <b>10.349</b> | <b>3.444</b>  |

In addition to the above capital schemes funded from the NTCA Investment Fund, £15.350m of capital funding was provided by Department of Levelling up Housing and Communities (DLUHC) in March 2023. for spend within 2022/2023 however, slippage into 2023/2024 was allowed due to the late receipt of the notification of funding. Table 5 overleaf shows the three schemes identified for this additional capital spend:

**Table 5: £15.350m Capital Funding**

| <b>Capital Project</b>                                  | <b>Outturn on<br/>31 March<br/>2023<br/>£m</b> |
|---------------------------------------------------------|------------------------------------------------|
| Port of Tyne -Tyne Clean Energy Park                    | 0.745                                          |
| Sunderland City Council – Sunderland Studio Development | 2.119                                          |
| North Tyneside Council – North Shields Town Square      | 0.308                                          |
|                                                         | <b>3.172</b>                                   |

### **Brownfield Housing Fund (BHF)**

The Brownfield Housing Fund (BHF) was the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least 2000 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. The Brownfield fund is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

An extension to BHF was announced in the Levelling Up White Paper. Mayoral Combined Authorities (MCAs) were awarded £120 million nationally, to be allocated to each MCA based on population. NTCA was awarded £7.96 million, bringing the total amount of BHF funding to £31.820 million.

In terms of approvals to date, NTCA have approved 11 schemes with a total commitment of £23.227m, with a further 4 projects currently going through appraisal valued at £9.264m. These schemes are forecasting the creation of 2133 housing units with the extended pipeline accounting for 2422, this is set against the DLUHC target of 1500. Forecast private sector leverage for the contracted projects stands at £115.95m.

Table 6 shows the projected programme with current allocation of funds.

**Table 6: Brownfield Housing Fund Profile**

|                                             | <b>2020/2021<br/>Actual</b> | <b>2021/2022<br/>Actual</b> | <b>2022/2023<br/>Actual</b> | <b>2023/2024<br/>Forecast</b> | <b>2024/2025<br/>Forecast</b> | <b>Total</b>  |
|---------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|---------------|
|                                             | <b>£m</b>                   | <b>£m</b>                   | <b>£m</b>                   | <b>£m</b>                     | <b>£m</b>                     | <b>£m</b>     |
| <b>Initial Funding Profile</b>              | 4.854                       | 8.100                       | 6.700                       | 3.100                         | 1.100                         | 23.854        |
| <b>Extended Funding Profile</b>             | 0.000                       | 0.000                       | 4.753                       | 2.674                         | 0.524                         | 7.951         |
| <b>Combined Funding Profile</b>             | <b>4.854</b>                | <b>8.100</b>                | <b>11.453</b>               | <b>5.774</b>                  | <b>1.624</b>                  | <b>31.805</b> |
| <b>Projected spend as of<br/>31/03/2023</b> | 0.916                       | 3.877                       | 5.552                       | 9.388                         | 11.543                        | 31.276        |
| <b>Actual spend as of<br/>31/03/2023</b>    | <b>0.636</b>                | <b>3.228</b>                | <b>1.046</b>                |                               |                               | <b>4.910</b>  |

Overall good progress is being made with the NTCA's Brownfield Housing Programme. The programme is expected to over deliver in terms of outputs and deliver good value for money, with expenditure profiles expected to be completed by March 2025 in line with government's expectations.

Actual project expenditure was broadly in line with projected expenditure in 2020/2021 and 2021/2022, however, fell below projection in 2022/2023. Schemes delivering early in the programme were selected due to their high level of shovel readiness. Extensive work has been undertaken to progress less well-developed schemes. This is time consuming and consequently a lag between schemes being added to the pipeline and developing to the point they begin to draw down Brownfield Housing Grant funding. Actual expenditure is expected to increase significantly in 2023/2024 as a number of pipeline schemes begin on site works.

### UKSPF and Multiply

The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025. The intention of the fund is to invest in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances.

Table 7 below shows expenditure against the first-year profile of UKSPF including Multiply. Confirmation of funding was received late in November 2022 and therefore first year spend.

**Table 7: UKSPF and Multiply 2022/23 Outturn**

|                                | <b>2022/2023<br/>Budget</b> | <b>2022/2023<br/>Outturn</b> | <b>Variance</b> |
|--------------------------------|-----------------------------|------------------------------|-----------------|
| <b>Expenditure</b>             | <b>£m</b>                   | <b>£m</b>                    | <b>£m</b>       |
| Community and Place            | 2.195                       | 1.563                        | (0.632)         |
| Supporting Business            | 3.291                       | -                            | (3.291)         |
| People and Skills              | -                           | -                            | -               |
| Administration top slice (4%)  | 0.229                       | 0.241                        | 0.012           |
| <b>Total Core UKSPF</b>        | <b>5.715</b>                | <b>1.804</b>                 | <b>(3.911)</b>  |
| Multiply Programme             | <b>1.123</b>                | <b>1.089</b>                 | <b>(0.034)</b>  |
| Administration top slice (10%) | 0.125                       | 0.125                        | -               |
| <b>Total UKSPF Multiply</b>    | <b>1.248</b>                | <b>1.214</b>                 | <b>(0.034)</b>  |

### Adult Education Budget (AEB)

As part of the devolution deal the Adult Education Budget was devolved to the authority with an effective start date of August 2020. This provided the Authority with significant new powers and responsibilities in delivering both Mayoral and Cabinet priorities alongside the national skills agenda and priorities.

NTCA's devolved AEB Budget for the period 1 April 2022 to 31 March 2023 is £23,577,970 plus an additional £1,614,180 for the delegated Free Courses for Jobs Offer. Bringing the total AEB for 2022/2023 to £25,192,450.

2022/2023 is the 3rd and final year of the original AEB framework delivery. The Above devolved AEB Allocation for 2022/2023 has been allocated. However, the Free Courses for Jobs Offer funding allocation is subject to change as reconciliation is finalised with the DfE and providers. Providers AEB delivery plans are monitored at quarterly performance management meetings throughout the year. AEB

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

**Table 8: Adult Education Budget 2022/23**

|                                           | <b>Budget<br/>£m</b> | <b>Actual<br/>£m</b> | <b>Variance<br/>£m</b> |
|-------------------------------------------|----------------------|----------------------|------------------------|
| Grant Awards and Procured Services        | 22.900               | 17.932               | (4.968)                |
| Delegated Level 3 (Free Courses for Jobs) | 1.614                | 1.281                | (0.333)                |
| AEB Transfer to Reserves                  | 0.000                | 5.301                | 5.301                  |
| Corporate Contribution                    | 0.678                | 0.678                | 0.000                  |
| <b>Total Expenditure</b>                  | <b>25.192</b>        | <b>25.192</b>        | <b>0.000</b>           |
| Devolved AEB                              | (23.578)             | (23.578)             | 0.000                  |
| Delegated Level 3 (Free Courses for Jobs) | (1.614)              | (1.614)              | 0.000                  |
| <b>Total Income</b>                       | <b>(25.192)</b>      | <b>(25.192)</b>      | <b>0.000</b>           |

## Bootcamps

NTCA have received a grant funding agreement directly from the Department for Education (DfE) for a total of £5.531m to support the delivery of Skills Bootcamps in the NTCA region. This is a significant investment in our region and has the potential to deliver new opportunities to generations of adult who may have been previously left behind. The funding for Bootcamps is allocated on an annual basis and not guaranteed on an ongoing basis, however, NTCA have been allocated £10.530m for Bootcamp Wave 4 in relation to 2023/2024.

Table 9 below shows the 2022/2023 outturn position on Wave 3 Bootcamps.

**Table 9: Bootcamps Wave 3 2022/2023 Outturn**

|                                   | <b>2022/2023<br/>Budget<br/>£m</b> | <b>2022/2023<br/>Outturn<br/>£m</b> | <b>Variance<br/>£m</b> |
|-----------------------------------|------------------------------------|-------------------------------------|------------------------|
| Bootcamp Wave 3 Procured Services | 5.029                              | 1.609                               | (3.420)                |
| Corporate contribution            | 0.502                              | 0.202                               | (300)                  |
| Bootcamp Wave 3 c/f to Reserves   |                                    | 1.206                               | 1.206                  |
| <b>Total Expenditure</b>          | <b>5.531</b>                       | <b>3.017</b>                        | <b>(2.514)</b>         |
| Bootcamp Wave 3 Funding           | (5.531)                            | (3.017)                             | 2.514                  |
| <b>Total Income</b>               | <b>(5.531)</b>                     | <b>(3.017)</b>                      | <b>0.000</b>           |



## Reserves

Reserves held at 31 March 2023 are shown in Table 10 below:

**Table 10: Reserves held at 31 March 2023**

| <b>Reserves Statement</b>                                                                           | <b>2021/2022</b> | <b>Movement (from)/to Reserves</b> | <b>2022/2023</b> |
|-----------------------------------------------------------------------------------------------------|------------------|------------------------------------|------------------|
|                                                                                                     | <b>£m</b>        | <b>£m</b>                          | <b>£m</b>        |
| Strategic Reserve                                                                                   | 0.200            | -                                  | 0.200            |
| Investment Fund Reserve                                                                             | 54.591           | (13.776)                           | 40.815           |
| UKSPF including Multiply                                                                            | -                | 3.018                              | 3.018            |
| Brownfield Housing Fund                                                                             | 9.088            | 3.706                              | 12.794           |
| DLUHC Capital Grant 2022/2023                                                                       | -                | 12.177                             | 12.177           |
| Create Growth Programme                                                                             | -                | 0.425                              | 0.425            |
| Adult Education Budget                                                                              | 3.458            | 5.301                              | 8.759            |
| Bootcamps Wave 3                                                                                    | -                | 1.206                              | 1.206            |
| Recovery Contingency Fund                                                                           | -                | 0.452                              | 0.452            |
| Strategic Capacity Reserve                                                                          | -                | 0.800                              | 0.800            |
| Levelling up Capacity Grant                                                                         | -                | 0.125                              | 0.125            |
| Other grant reserves: Kickstart, Bootcamps Wave 2, Defra Rural, Redmond Review, Net Zero North East | 0.051            | 0.264                              | 0.315            |
| <b>Total General (Useable) Reserves</b>                                                             | <b>67.388</b>    | <b>13.698</b>                      | <b>81.086</b>    |

Useable Reserves increased in 2022/23 by £13.698m to £81.086m. Key movements in reserves relate to £13.776m planned drawdown of the investment fund. To date £100m Investment Fund monies have been received since 2018/2019 the closing balance on reserve of £40.815m represents spend on Investment Fund delivery of £59.185m (including contribution to the corporate top slice) since inception of the NTCA. UKSPF and Multiply, along with additional Capital Grant £6.963m and £15.350m respectively, were received late in the financial year with £3.945m and £3.173m spent in year with the balance remaining of £3.018m and £12.177m carried forward for delivery in 2023/2024. Adult Education Budget shows a contribution to reserves in 2022/2023, this is partly to pay for the remainder of the academic year delivery, and also some unallocated funding where providers have not met their anticipated level of funding. Bootcamps Wave 3 funding was received in year for 50% of the total allocation (£3.017m) of this £1.811m has been incurred with £1.206m carried forward for future delivery. A reserve has been created from Mayoral Capacity Funding (£1m) for a Strategic Capacity Fund £0.800m for 2023-24 as budgeted.

## Borrowing Facilities

During 2021/22 discussions were held with HM Treasury in relation to securing wider Borrowing powers for the Combined Authority alongside a number of other Mayoral Combined Authorities who were not included in previous regulations. A report taken to 30 November 2021 Cabinet gave consent to the HM Treasury to make the necessary arrangements to include NTCA in the regulations to be laid before

Government in January 2022. Confirmation of borrowing powers for NTCA going forward were received in March 2022. The debt cap for each year will be agreed with HM Treasury on an annual basis.

### North East Local Enterprise Partnership (NE LEP)

NTCA became the accountable body for the NE LEP on the 1 April 2020, the Statement of Accounts therefore include the income and expenditure and assets and liabilities of the NE LEP.

**Table 11: 2022/23 North East LEP Outturn**

|                              | Revised Budget 2022/23 | Outturn Position 2022/23 | (Under)/Over Variance to Revised Budget |
|------------------------------|------------------------|--------------------------|-----------------------------------------|
| <b>Expenditure</b>           | <b>£m</b>              | <b>£m</b>                | <b>£m</b>                               |
| Employee Costs               | 3.294                  | 3.072                    | (0.222)                                 |
| Other Core Costs             | 0.440                  | 0.446                    | 0.006                                   |
| Programme Operational Costs  | 4.586                  | 4.399                    | (0.187)                                 |
| Contribution to Reserves     | -                      | -                        | -                                       |
| <b>Total</b>                 | <b>8.320</b>           | <b>7.917</b>             | <b>(0.403)</b>                          |
| <b>Income</b>                |                        |                          |                                         |
| Core Funding                 | (0.375)                | (0.375)                  | 0.000                                   |
| Grants and Programme Funding | (7.478)                | (6.970)                  | 0.508                                   |
| Other Income                 | (0.490)                | (0.572)                  | (0.082)                                 |
| Contribution from EZ Reserve | (0.500)                | (0.500)                  | -                                       |
| <b>Total</b>                 | <b>(8.843)</b>         | <b>(8.417)</b>           | <b>0.426</b>                            |
| <b>Net Outturn (surplus)</b> | <b>(0.523)</b>         | <b>(0.500)</b>           | <b>0.023</b>                            |
| Reserves Brought Forward     | (0.701)                | (0.701)                  | 0.000                                   |
| Reserves Carry Forward       | (1.224)                | (1.201)                  | 0.022                                   |

The North East LEP brings together business leaders, universities and the Leaders and the Elected Mayor of the seven local authorities in the North East LEP area. It is the fourth largest LEP in the country. It is responsible for promoting and developing economic growth in the area and works together with NTCA to ensure there is coordination across a range of activities.

The LEP core budget for 2022/23 covers core operational activity of the LEP and also management of the Local Growth Fund (legacy programme funding), Getting Building Fund (legacy programme funding), NEIF and Enterprise Zone (EZ) programmes.

The Local Growth Fund (LGF) programme has achieved good outputs during the year with almost 2,200 jobs, 70,000sqm of new and refurbished floorspace created and £81m of 'follow on' private sector investment delivered on key employment sites across the North East including the International Advanced Manufacturing Park, Sunderland, East Pilgrim Street Newcastle and the Integra 61 employment site in County Durham.

Of the 20 projects in the Getting Building Fund (GBF) programme, three have residual grant budget allocations that have slipped into 2023/24 totalling £1.44m. Local funding from the NEIF/EZ account will be used to monitor and report on programme performance in 2023/24 and 2024/25. Though it is expected that the remaining GBF funds will be claimed by the end of Quarter 2 2023/24, several projects will not financially complete until early 2024.

### **North East Investment Fund (NEIF)**

The NEIF supports a number of projects through loans which are now making repayments, recycling the funding available for reinvestment in new projects and other opportunities. The NEIF initial allocation was made up of £25m Growing Places Fund (GPF) and £30m Regional Growth Fund (RGF). The Regional Growth Fund had originally tighter restrictions on the use of funding, however, the North East LEP has worked with central government on closing the original RGF Programme and releasing the funding to be used to support the Commercial Property Development Fund (CPIF).

### **Enterprise Zones**

Round 1 Enterprise Zones (EZ) 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 with 2022/23 being the tenth year of the Round 1 EZ life.

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 1<sup>st</sup> April 2018 to complete the coverage. With the exception of the IAMP, it is the fifth year of the round 2 sites life. Ramparts (Northumberland), and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2022/23 as the result of occupation on parts of the sites.

The 2022/23 EZ Account provisional Outturn figures are summarised in Table 12 overleaf, which shows business rate income in 2022/23 of £7.1m for the year, which is significantly higher than the previous year. This is mainly because of the rates income from previous years for buildings on two of the EZ sites (Newcastle International Airport and the Follingsby EZ sites) has only recently been received and the figures include some backdated income in respect of previous years.

**Table 12: Enterprise Zone Outturn Position 2022/23**

|                                       | 2021/22<br>Actual<br>£000 | 2022/23<br>Estimate<br>£000 | 2022/23<br>Outturn<br>£000 | 2022/23<br>Variation<br>£000 |
|---------------------------------------|---------------------------|-----------------------------|----------------------------|------------------------------|
| <b><u>ROUND 1 EZ SCHEMES</u></b>      |                           |                             |                            |                              |
| Newcastle - Neptune Yard              | 543.1                     | 530.9                       | 509.9                      | (21.0)                       |
| North Tyneside - Swans                | 199.0                     | 207.6                       | 230.7                      | 23.1                         |
| Northumberland - Blyth Port / Estuary | 316.4                     | 353.0                       | 381.3                      | 28.3                         |
| Sunderland A19 Corridor               | 830.7                     | 764.0                       | 826.1                      | 62.1                         |
| <b><u>ROUND 2 EZ SCHEMES</u></b>      |                           |                             |                            |                              |
| Durham - Jade                         | 185.1                     | 248.9                       | 276.6                      | 27.7                         |
| Gateshead - Follingsby                | 258.6                     | 3,475.0                     | 4,123.9                    | 648.9                        |
| Newcastle - International Airport     | -                         | 213.7                       | 247.1                      | 33.4                         |
| Northumberland -Ashwood Business Park | -                         | -                           | -                          | 0.0                          |
| Northumberland - Ramparts (Berwick)   | 61.1                      | 49.0                        | 40.6                       | (8.4)                        |
| South Tyneside - Tyne Dock            | -                         | -                           | -                          | 0.0                          |
| Sunderland/ South Tyneside IAMP       | 927.9                     | 525.2                       | 500.7                      | (24.5)                       |
| <b>TOTAL BRGI</b>                     | <b>3,321.8</b>            | <b>6,367.3</b>              | <b>7,136.9</b>             | <b>769.7</b>                 |
| Interest                              | 15.0                      | 150.0                       | 53.3                       | (96.7)                       |
| <b>Total Income</b>                   | <b>3,336.8</b>            | <b>6,517.3</b>              | <b>7,190.3</b>             | <b>673.0</b>                 |
| <b><u>Expenditure</u></b>             |                           |                             |                            |                              |
| Capital Financing Costs               | 2,170.7                   | 2,832.0                     | 2,832.0                    | -                            |
| Revenue Operating Costs               | 95.5                      | 108.0                       | 108.0                      | -                            |
| Contribution to INEE Team Costs       | 157.0                     | 241.0                       | 208.3                      | (32.7)                       |
| <b>Total Costs</b>                    | <b>2,423.2</b>            | <b>3,181.0</b>              | <b>3,148.3</b>             | <b>(32.3)</b>                |
| <b>Annual Surplus</b>                 | <b>913.6</b>              | <b>3,336.3</b>              | <b>4,042.0</b>             | <b>705.7</b>                 |
| <b>Cumulative Surplus</b>             | <b>4,568.6</b>            | <b>7,904.9</b>              | <b>8,610.6</b>             | <b>705.3</b>                 |
| <b><u>Use of the Surplus</u></b>      |                           |                             |                            |                              |
| - Fund LEP Core Costs                 |                           | (500.0)                     | (500.0)                    | -                            |
| - Project Development Fund            |                           | (885.8)                     | (706.0)                    | 179.8                        |
| <b>Residual Surplus balance</b>       | <b>4,568.6</b>            | <b>6,519.1</b>              | <b>7,404.2</b>             | <b>885.1</b>                 |

**Invest North East England (INEE)**

The NTCA became the accountable body for Invest North East England in April 2020.

Invest North East England acts as the strategic inward investment service in the North East. It works collaboratively with its seven local authority partners, two combined authorities, and other key stakeholders such as the North East LEP, Department of International Trade, and Universities to increase the levels of inward investment flowing into the region from both UK-owned and foreign-owned businesses.

Operationally, INEE's work has a few key guiding principles:

- INEE's primary function is to focus on attracting new inward investment to the

North East (rather than seeking to secure re-investment in existing companies)

- INEE works closely with, and on behalf of, all seven constituent authorities, its aim being to maximise levels of inward investment regardless of location in North East (a 'North East First' principle).
- INEE activity aims not to duplicate but add value to activities undertaken by the constituent local authorities.
- INEE engages in proactive lead generation activity which is sector-based, focussed on: Digital Technology; Energy; Life Sciences; Advanced Manufacturing; Financial, Professional and Business Services.
- INEE focus of activity will be on strategic inward investment projects which require regional-level promotion, coordination, and collaboration in the first instance, before a focus on a specific site.
- As far as possible, INEE will aim to attract investment opportunities which will lead to significant numbers of high-quality jobs (more and better jobs).

## **Performance**

2021/22 was a record year for inward investment in the North East with the region out-performing every region in the UK, including London, on jobs created by foreign direct investment (FDI) per 100,000 working-age population (a calculation allowing regions of different sizes to be compared). Over 8,000 jobs were created through FDI and UK investments.

Successes in 2022/23 have been more modest. With the figures still to be finalised, around 1,900 jobs have been created in the region, the vast majority of these coming from FDI. Digital technology investments have been particularly evident, focused mainly in Newcastle. There have been significant investments in advanced manufacturing and renewable energy throughout the region, although it was a very quiet year for business services following a bumper year in 2021/22.

INEE currently has a very healthy project and visit pipeline which it hopes to secure investments in 2023/24. The team is focusing particularly on electrification projects, renewables, digital technology and advanced manufacturing with some very exciting and strategic investments on the horizon.

Table 13: Invest North East England 2022/23 Outturn Position

|                               | 2022/23<br>Original<br>Budget | 2022/23<br>Outturn | Variance         | 2023/24<br>Proposed<br>Budget |
|-------------------------------|-------------------------------|--------------------|------------------|-------------------------------|
| <b>Expenditure</b>            | £                             | £                  | £                | £                             |
| Salaries                      | 237,000                       | 221,586            | (15,414)         | 237,000                       |
| Staff Training                | 1,000                         | -                  | (1,000)          | 1,000                         |
| Travel and Subsistence        | 5,000                         | 6,837              | 1,837            | 10,000                        |
| Web, Telecoms, Computers      | 8,000                         | 5,837              | (2,163)          | 16,000                        |
| Marketing/Coms/Events         | 90,000                        | 64,878             | (25,122)         | 90,000                        |
| Membership Fees               | 3,000                         | 2,985              | (16)             | 3,000                         |
| Professional Consultancy      | 8,000                         | 13,700             | 5,700            | 8,000                         |
| Lead Generation               | 93,000                        | 25,000             | (68,000)         | 80,000                        |
| Research Resource Licenses    | 15,000                        | 15,000             | 0                | 15,000                        |
| <b>Gross Expenditure</b>      | <b>460,000</b>                | <b>355,822</b>     | <b>(104,178)</b> | <b>460,000</b>                |
| <b>Income</b>                 |                               |                    |                  |                               |
| Local Authority Contributions | (140,000)                     | (140,000)          | 0                | (140,000)                     |
| EZ Contribution               | (313,000)                     | (208,682)          | 104,318          | (313,000)                     |
| Private Sector Contribution   | (7,000)                       | (7,140)            | (140)            | (7,000)                       |
| <b>Gross Income</b>           | <b>(460,000)</b>              | <b>(355,822)</b>   | <b>104,178</b>   | <b>(460,000)</b>              |
| <b>Net Budget</b>             | <b>0</b>                      | <b>0</b>           | <b>0</b>         | <b>0</b>                      |

## Main points from Financial Statements

### Comprehensive Income & Expenditure Statement

The Continuing Cost of Services line in the Comprehensive Income & Expenditure Statement represents the net expenditure incurred by the North of Tyne Combined Authority, the North East LEP and INEE, it also includes the share of the costs contained within the North East Combined Authority (as relating to the Joint Transport Committee), in the direct provision of Services. The Comprehensive Income & Expenditure Statement is showing a surplus of (£62.993m) for the year ended 31 March 2023.

### Balance Sheet

The Balance Sheet is set out within the main Statement of Accounts. The net assets of the Combined Authority are £297.330m for the year ended 31 March 2023 and are financed by Usable Reserves of £246.703m and Unusable Reserves of £50.627m. The Balance Sheet also includes the Authority's share of assets and liabilities contained within the North East Combined Authority in relation to the Joint Transport Committee

### Group Results

The Group Accounts included as part of the Statement of Accounts fully incorporate the results from Nexus (The Tyne and Wear Passenger Transport Executive). More details can be found in Group Note 1.

During the year Nexus invested £169.9m of capital expenditure in public transport in Tyne and Wear which was funded primarily by central government grants.

The liquidity of Nexus remained strong with net current assets of £840.3m, adequate to cover both short-term fluctuations and future commitments from usable reserves.

The Nexus accounts are divided between NTCA and NECA accounts (after elimination of intra-group transactions), with the balance sheet information at 31 March 2023 allocated between the two Combined Authorities in proportion to their relative share of Tyne and Wear Population – 55.26% in the NECA accounts and 44.74% in the NTCA accounts.

## Non-Financial Performance of the Authority

### Investment Fund non-financial performance

The Investment Fund sets out costs associated with the development, management and delivery of projects to be funded through the Investment Fund. In common with other long-term devolved Investment Funds, the North of Tyne Investment Fund (NTIF) was subject to a five-yearly Gateway Review by Government. The first five-year review of the NTIF was March 2022/2023 which NTCA have now received confirmation that they have passed successfully, with quotes from senior economic development stakeholders stating:

***"The NTCA and NTIF are a unifying force which allows us to deliver [social and economic] benefits and***

***'NTIF has enabled more and larger investment decisions to be made in the region, based on local knowledge and a long-term plan'***

At the end of financial year 2022/2023 the Investment Fund total commitments stood at £118.79m against 141 approved projects. A strong pipeline of high-quality projects is in place with several significant investments planned over the coming months. This includes interventions to grow our digital and ageing sectors, as well support for our residents, creating opportunities to develop new skills and progress into employment.

- These projects will attract £292.015m of private sector leverage and are forecast to deliver 5,049 new jobs based on current commitments against a target of 10,000. The number of forecast jobs directly safeguarded is 3,277.
- Of these, a total of 1,288 jobs have been created, in addition 1,783 have been reported as safeguarded.
- 2,390 Businesses supported with advice and guidance
- 207 schools involved in tackling child poverty and inequality in attainment

**Brownfield Housing non-financial performance**

Projects

- Total value of commitments £19.749m against 10 approved projects with a further 4 projects going through appraisal valued at £11.220m.
- £4.941m claimed cumulatively to date.
- Total fund Value is £31.82m (Inc. £7.976m additional funding).
- Value of current pipeline which has passed the gateway review is £31.28m

Outputs

- Approved projects are forecasting the creation of 1805 housing units with the extended pipeline accounting for a further 620. Our contracted target with DLUHC is 1500.
- In addition, contracted projects will remediate 44ha of Brownfield land which will be either reclaimed re-developed or resembled.

Private Sector Leverage

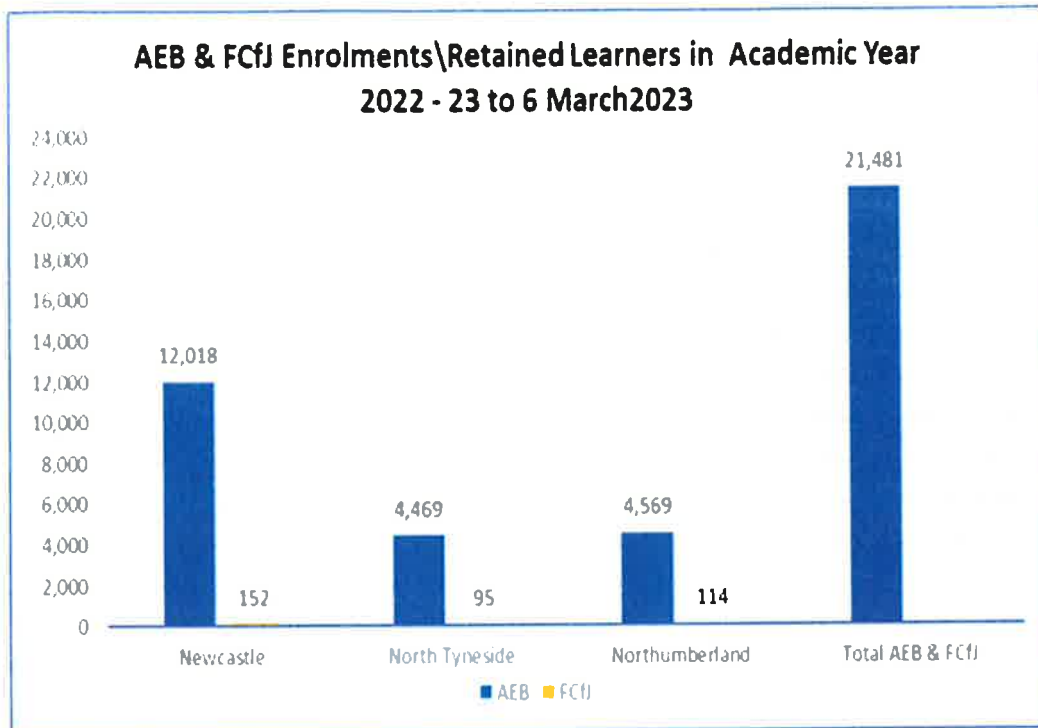
- Forecast private sector leverage for the 11 approved projects stands at £115m

**Adult Education Budget (AEB) non-financial performance**

Outputs

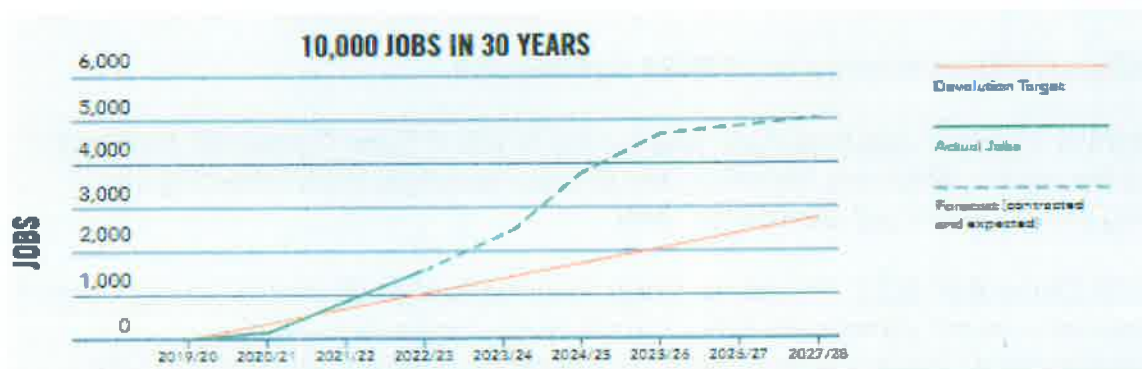
- This is the 3rd and final year of the original AEB framework delivery.
- The above devolved AEB Allocation for AY 2022-23 has been allocated and delivery has been underway from 1st August 2022.
- From 1st August 2022 to 6th March 2023 a total of 21,481 learning opportunities were being delivered. This total is made up of a combination of new enrolments (20,459) and some learners retained in learning from the previous academic year. The chart overleaf shows the breakdown of learning opportunities delivered per constituent North of Tyne authority.











**Key Priorities and Up and Coming Milestones**

The Devolution Deal committed North of Tyne Combined Authority to adding an additional £1.1bn to GVA (Gross Value Added) to the economy, delivering 10,000 new jobs and leveraging over £2.1bn private sector investment. This is a ‘job-a-day’ through the lifetime of the deal, with every £1 invested generating £3.50 of private sector investment.



Delivery activity outlined below is an evolution of our programme, from the original Devolution Deal through to post-covid renewal plans.

|                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>JOB, INNOVATION AND GROWTH</b></p>      | <ul style="list-style-type: none"> <li>• A Green New Deal Fund which will deliver game-changing investment in green jobs</li> <li>• Bold investment in our digital economy, supporting jobs, growth and inclusion</li> <li>• Investment to secure our recovery from Covid through economic and public service innovation</li> </ul>                  |
|  <p><b>CLEAN ENERGY AND CONNECTIVITY</b></p>   | <ul style="list-style-type: none"> <li>• Multi-million pound investments into offshore wind infrastructure and supply chains</li> <li>• Connecting rural communities to super-fast broadband</li> <li>• Ensuring the Northumberland train line investment creates a corridor of jobs, skills and prosperity</li> </ul>                               |
|  <p><b>EDUCATION, INCLUSION AND SKILLS</b></p> | <ul style="list-style-type: none"> <li>• Delivering great adult education that supports learners back into work and opportunity</li> <li>• Shaping the skills of the future in partnership with our employers, colleges and providers</li> <li>• Delivering targeted, bespoke interventions to help young and vulnerable people into work</li> </ul> |
|  <p><b>SOCIAL ECONOMY AND COMMUNITIES</b></p>  | <ul style="list-style-type: none"> <li>• Creating real opportunities for citizens to influence policy and shape our net zero goals</li> <li>• Helping more employers to create opportunities for 'Good Work'</li> <li>• Becoming the exemplar Combined Authority in support of net zero investment and transition to a green economy</li> </ul>      |
|  <p><b>HOUSING, LAND AND DEVELOPMENT</b></p>  | <ul style="list-style-type: none"> <li>• Delivering more new homes through investing in brownfield sites</li> <li>• Delivering a sustainable housing and infrastructure plan to underpin our places</li> <li>• Investing in critical regeneration priorities and our capacity to reduce carbon from housing</li> </ul>                               |
|  <p><b>CULTURE, CREATIVE AND RURAL</b></p>   | <ul style="list-style-type: none"> <li>• Investing in the future of our creative sector through our Culture and Creative Innovation Fund</li> <li>• Delivering a pipeline of major events to bring people together and help our places recover</li> <li>• Investing in innovation and connectivity to support our rural SMEs</li> </ul>              |

### Significant issues relating to 2023/24 and beyond

2023/24 is a unique and important year for the North of Tyne Combined Authority being the year in which we transition into the new arrangements reflecting the signing of the North East Devolution Deal.

On 28th December 2022, the seven North East Authorities (Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council) agreed a "minded to" devolution deal with HM Government.

The devolution deal sets out £4.2bn of government investment, which will be subject to local decision making, enabling spend on local priorities, together with a range of devolved functions. The deal is subject to the creation of a new mayoral combined authority involving all of the seven North East authorities.

It is expected to create 24,000 extra jobs, generate 70,000 courses to give people the skills to get good jobs and leverage £5.0 billion of private sector investment.

The new mayoral combined authority will cover an area which is home to around 2 million people and will have the power to make decisions on areas such as transport, skills, housing, finance and economic development.

The deal includes:

- **An investment fund of £1.4bn, or £48m a year**, to support inclusive economic growth and support our regeneration priorities
- **An indicative budget of around £1.8bn, or £60m a year**, for adult education and skills – to meet local skills priorities and improve opportunities for residents
- **A £900m package of investment to transform our transport system**, with £563m from the City Regional Sustainable Transport Fund, on top of funding already announced for our buses and metro system
- **£69m of investment in housing and regeneration**, unlocking sites to bring forward new housing and commercial development

In order to establish the new regional NEMCA, the existing combined authorities – NTCA and NEMCA – will need to be abolished. The Mayor and Cabinet of NTCA and the Leadership Board of NECA will therefore also need to consent to the statutory order which provides for their abolition and the creation of NEMCA. It is envisaged that the existing combined authorities would be abolished and NEMCA established simultaneously when the elected mayor for NEMCA takes office in early May 2024.

The statutory order is expected to provide appropriate continuity and transitional arrangements so that any acts of the existing combined authorities are to be treated as the acts of the new mayoral combined authority. The order is also to provide for the staffing, assets, rights and liabilities of the existing combined authorities to transfer to NEMCA. This will ensure that the existing funding programmes of NTCA and the regional transport arrangements which are currently overseen by the Joint Transport Committee are maintained by the NEMCA without interruption. For this reason, it is considered appropriate, in line with the Code of Practice on Local Authority Accounting, for these accounts to be prepared on a going concern basis. Officers from both combined authorities and the local authorities are liaising on the operational requirements of the transition.

## **Explanation of Accounting Statements included within the 2022/23 Accounts**

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain a number of different elements and are required to be prepared under the Code of Practice.

The Statement of Accounts is set out in the accompanying document, and are explained below.

### **Core Financial Statements**

The Comprehensive Income & Expenditure Statement (CIES) summarises the revenue costs of providing all services and the income and resources received in

financing the expenditure.

The Movement in Reserves Statement (MIRS) (page 4) shows the movement from the start of the year to the end on the different reserves held by the Authority. This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e., those which can be applied to fund expenditure) and Unusable Reserves (which cannot). The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing NTCA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Balance Sheet (page 6) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories, Usable and Unusable as described above. Unusable Reserves include those which hold unrealised gains and losses (e.g., the Revaluation Reserve) where amounts only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line "adjustments between accounting basis and funding basis under regulations".

The Cash Flow Statement (page 7) shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Authority.

## **Notes to the Accounts**

The notes aim to assist in the understanding of the Statement of the Accounts. They are fundamentally important in the presentation of a true and fair view. They provide information on the basis of the preparation of the financial statements and disclose information not presented directly in the key financial statements which is relevant to the understanding of the information contained elsewhere within the Statement of Accounts.

## **Group Accounts and Associated Notes**

The Authority is required by the Code to produce Group Accounts to include services paid to Council Taxpayers in the North of Tyne area by organisations other than the Authority itself in which the Authority has an interest.

It is recognised that the accounts of Nexus fall within the definition of a subsidiary. As such, group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Authority and Nexus. Nexus has been

incorporated as a subsidiary, whereby the accounts of the two organisations are combined and any intra-group transactions are cancelled out.

These statements and accounts collectively provide a comprehensive view of the Authority's financial position during the period to which they relate. The format of the accounts reflect the impact of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) which changed the boundaries of NECA on the 2 November 2018. As a result of these governance changes, the boundaries of NECA now cover the Local Authorities of Durham, Gateshead, South Tyneside, and Sunderland. On the same date, the North of Tyne Combined Authority (NTCA) was established as well as the North East Joint Transport Committee (JTC), which continue to exercise the Transport functions over the area covered by the two Combined Authorities.

### **Implementation of the Devolution order**

Under the CIPFA Code, the JTC meets the definition of a 'joint operation', which determines its accounting treatment. Where a Joint Committee is accounted for as a Joint Arrangement each Joint Operator (in this case NECA and NTCA) must account for their own share of the assets, liabilities, revenues, and expenses held or incurred jointly in their own single entity financial statements.

To comply with the CIPFA Code, NECA must:

1. Split the revenues between that which relates to NECA and NTCA. In this case the constitution of the JTC and its funding arrangements suggests that, in the first instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to NTCA), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and NTCA).
2. The revenues which relate to Tyne and Wear must then be divided into that which relates wholly to Newcastle and/or North Tyneside (allocated to NTCA), that which relates wholly to Gateshead, South Tyneside and/or Sunderland (allocated to NECA) and that which relates to activities not wholly attributable under the preceding two points which requires apportionment.

The Order gives no clear instruction on the basis of division of revenues, but the Deed of Cooperation made on 4 July 2018 between the seven local authorities in the area indicates that resident populations shall be used as a basis of apportionment.

For the 2022/23 accounts the mid-year estimated population published by the Office of National Statistics as at June 2020 is used, which is the basis on which the Transport Levy payments for the year are required to be calculated. The calculation of the proportion used to allocate the figures in the accounts at 31 March 2023 is shown in Table 14 overpage.

**Table 14: Population used to allocate Transport Assets/Liabilities between NECA and NTCA**

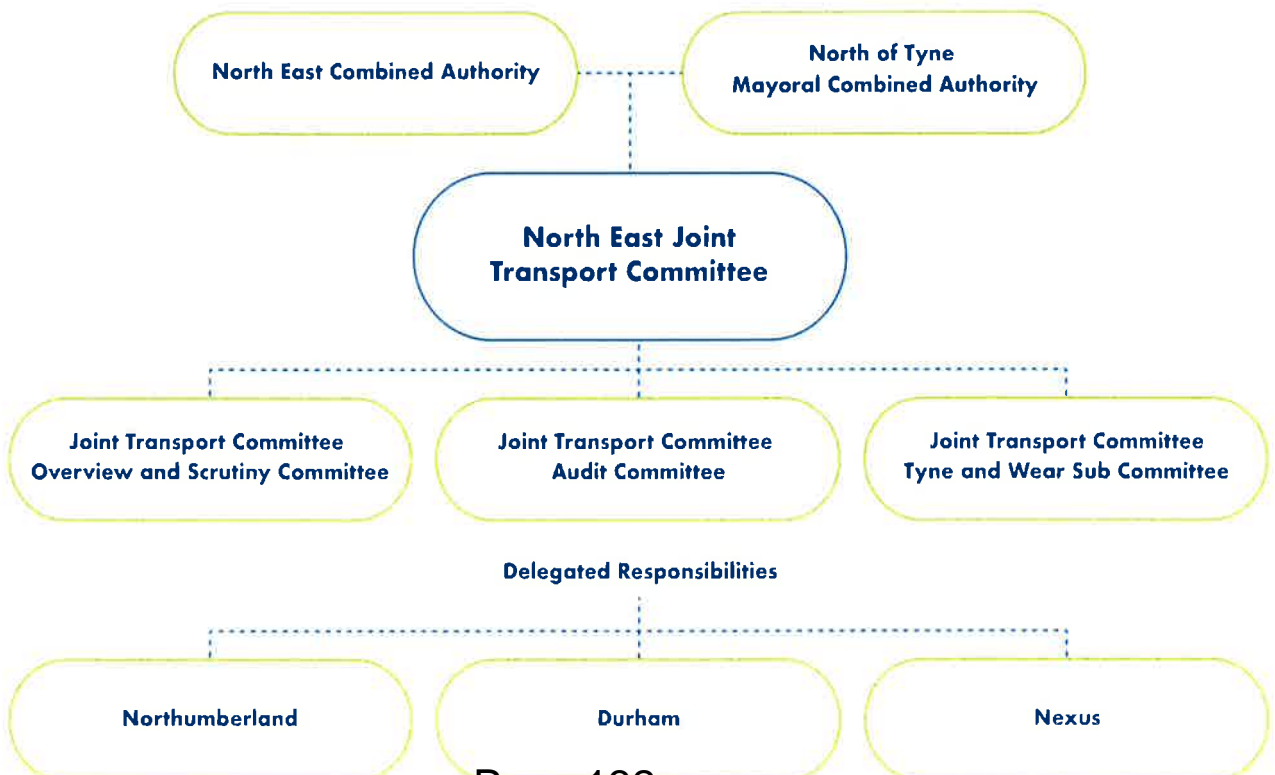
|                            | Mid-Year 2019<br>Population<br>People | Proportion<br>Proportion |
|----------------------------|---------------------------------------|--------------------------|
| <b>NECA</b>                |                                       |                          |
| - Gateshead                | 202,055                               |                          |
| - South Tyneside           | 150,976                               |                          |
| - Sunderland               | 277,705                               |                          |
|                            | <b>630,736</b>                        | 0.55257                  |
| <b>NTCA</b>                |                                       |                          |
| - Newcastle                | 302,820                               |                          |
| - North Tyneside           | 207,913                               |                          |
|                            | <b>510,733</b>                        | 0.44743                  |
| <b>Tyne and Wear Total</b> | <b>1,141,469</b>                      |                          |

**The Joint Transport Committee**

The North East Joint Transport Committee brings together a total of seven members from each of the Constituent Authorities of the region; four Members from the North East Combined Authority and three Members from the North of Tyne Combined Authority in accordance with the Order and was created on the 2 November 2018.

Transport is of strategic importance to the North East, and the collaborative working of both Combined Authorities allows effective decision making across the region, which ensures that the local needs and priorities are delivered.

The structure for Transport that was established in November 2018 is shown in the diagram below:



## Transport

Tyne Tunnels accounting balances are reflected in the NTCA financial statements as part of the JTC. The Tyne Tunnels link the A19 under the River Tyne between Howdon and Jarrow. There are two tolled vehicle tunnels, and tunnels for both pedestrians and cyclists. The Tunnels are entirely self-financing from the toll's income raised, i.e., there is no call on the Combined Authority's budget or local taxpayers to support them, and assets and liabilities associated with the tunnels are ringfenced to the Tyne and Wear constituent councils within the Combined Authority.

Table 15 shows Tyne Tunnel Flow data for 2022/23.

**Table 15: Tyne Tunnel Traffic Flow data**

|         | Class 1 | Class 2    | Class 3   | Exempt  | Total      |
|---------|---------|------------|-----------|---------|------------|
| 2022/23 | 80,736  | 16,848,793 | 1,054,301 | 508,011 | 18,491,841 |
| 2021/22 | 102,536 | 14,371,810 | 931,608   | 472,178 | 15,878,132 |
| 2020/21 | 99,990  | 10,441,472 | 775,745   | 423,317 | 11,740,524 |
| 2019/20 | 153,474 | 14,928,809 | 824,798   | 648,435 | 16,555,516 |
| 2018/19 | 171,626 | 14,839,928 | 823,469   | 631,444 | 16,466,467 |
| 2017/18 | 172,655 | 14,802,233 | 855,656   | 584,809 | 16,415,353 |
| 2016/17 | 197,688 | 15,705,319 | 951,785   | 605,670 | 17,460,462 |
| 2015/16 | 204,751 | 16,218,493 | 989,451   | 581,377 | 17,994,072 |
| 2014/15 | 195,798 | 15,265,379 | 873,270   | 508,444 | 16,842,891 |
| 2013/14 | 185,471 | 13,970,360 | 804,147   | 464,529 | 15,424,507 |

Class 1 = Motorcycles; Class 2 = Car, Van or Bus less than 3.5 tonnes; Class 3 = LGV, Van or Bus more than 3.5 tonnes Exempt = emergency vehicles and blue badge holders

The tolls were increased in line with inflation on 11 April 2022 from £3.70 to £3.90 for Class 3 vehicles. There was no increase for Class 2 vehicles during the 2022/23 financial year.

### Tyne and Wear Passenger Transport Executive – Nexus

The North East Joint Transport Committee sets public transport policy for the region, which in Tyne and Wear is delivered operationally by Nexus. The following performance indicators describe the general performance of public transport in Tyne and Wear during 2022/23.

- The number of passenger journeys across all modes within Tyne and Wear in 2022/23 was estimated at 123.4 million, a 15.4% increase when compared to the 106.9 million in the previous year and a 20.1% decline when compared to 154.5 million in 2019/20.
  - Bus patronage was 92.1 million in 2022/23; a 13.1% increase when compared to 81.4 million in the previous year and a 22.9% decline when compared to 119.4 million in 2019/20.
  - Metro patronage was 29.3 million in 2022/23; a 21.1% increase when compared to 24.2 million in the previous year and a 11.5% decline when compared to 33.1 million in 2019/20.

- Ferry patronage was 0.292 million passengers in 2022/23; an 8.6% increase when compared to 0.269 million journeys in the previous year and 8.3% decline when compared to 0.353 million journeys in 2019/20.
- Rail patronage was 1.695 million journeys in 2022/23; a 54.1% increase when compared to 1.1 million journeys in the previous year and a 12.6% decline when compared to 1.94 million journeys in 2019/20.
- Metro reliability (operated mileage) was 94.6% during 2022/23, a decrease of 0.7% versus the figure of 95.3% achieved in the previous year.
- Metro reliability (Charter punctuality) was 81.7% during 2022/23, a decrease of 2.4% on the 81.4% achieved in the previous year.

## Annual Governance Statement

To accompany the Narrative Report and Statement of Accounts, the leadership of the Combined Authority prepares an Annual Governance Statement that sets out the principal arrangements that operate to ensure proper governance of the Combined Authority's affairs and the stewardship of resources at its disposal. It also outlines the principal arrangements that are in place to ensure that a sound system of internal control is maintained.

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against these are:

- Ensuring openness and comprehensive stakeholder engagement.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Managing risks and performance through robust internal control and strong public financial management.
- Defining outcomes in terms of sustainable economic social and environmental benefits.
- Implementing good practices to transparency, reporting and audit to deliver effective accountability.



## NTCA Staffing

There are now 124 staff employed by the Combined Authority, including North East LEP and Invest North East England.

**Table 16: Change in Staffing numbers during 2022/23**

|         | <b>Corporate Employees at the year end</b> | <b>North East LEP Employees at year end</b> | <b>Invest North East Employees at year end</b> | <b>Total NTCA Employees at year end</b> |
|---------|--------------------------------------------|---------------------------------------------|------------------------------------------------|-----------------------------------------|
| 2022/23 | 71                                         | 50                                          | 3                                              | 124                                     |
| 2021/22 | 62                                         | 59                                          | 4                                              | 125                                     |
| 2020/21 | 48                                         | 62                                          | 3                                              | 113                                     |
| 2019/20 | 34                                         | -                                           | -                                              | 34                                      |
| 2018/19 | 1                                          | -                                           | -                                              | 1                                       |

The Statement of Accounts accompanying this report looks back at our performance since establishment. Reviewed together they provide the reader with an understanding of the financial position of the Combined Authority.

If you would like further information about these accounts, please contact Janice Gillespie, Chief Finance Officer, c/o North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY.

*J Gillespie 7. September 2023*

**Janice Gillespie**  
**Chief Finance Officer (S73 Officer)**



**North of Tyne Combined Authority**  
**Statement of Accounts**  
**2022/23**

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## 1.0 Statement of Responsibilities for the Statement of Accounts

### The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, the officer is the Chief Finance Officer,
- To manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**Jamie Driscoll**  
**Mayor of the North of Tyne Combined Authority**

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practice as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ('The Code').

In preparing this Statement of Accounts the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the local authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts for the period ended 31 March 2023, required by the Accounts and Audit Regulations 2015 are set out in the following pages and that they give a true and fair view of the financial position of the Authority and its income and expenditure for the period ended 31 March 2023.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**Janice Gillespie Chief Finance Officer (Section 73 Officer)**

## 2.0 Core Financial Statements and Explanatory Notes

### 2.1 Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Combined Authority, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Total Comprehensive Income and Expenditure line shows the accounting cost of providing the Combined Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance. The net increase or decrease before transfers to earmarked reserves shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Combined Authority.

|                                                                        | Note | General Fund Balance | Earmarked Reserves | Capital Receipts Reserve | Capital Grants Unapplied | Total Useable Reserves | Unusable Reserves Note 25 | Total Reserves |
|------------------------------------------------------------------------|------|----------------------|--------------------|--------------------------|--------------------------|------------------------|---------------------------|----------------|
|                                                                        |      | £000                 | £000               | £000                     | £000                     | £000                   | £000                      | £000           |
| <b>Balance at 31 March 2021</b>                                        |      | (6,186)              | (86,006)           | (8,889)                  | (23,292)                 | (124,373)              | (54,341)                  | (178,714)      |
| Total Comprehensive Income & Expenditure                               |      | (53,254)             | -                  | -                        | -                        | (53,254)               | (2,723)                   | (55,977)       |
| Adjustments between accounting Basis & funding Basis under regulations |      | 25,898               | -                  | 8,418                    | (35,178)                 | (862)                  | 862                       |                |
| (Increase)/Decrease in year                                            |      | (27,356)             | -                  | 8,418                    | (35,178)                 | (54,116)               | (1,861)                   | (55,977)       |
| Transfers (to)/from Reserves                                           | 23   | 26,478               | (26,478)           | -                        | -                        | -                      | -                         |                |
| <b>Balance at 31 March 2022 carried forward</b>                        |      | (7,064)              | (112,484)          | (471)                    | (58,470)                 | (178,489)              | (56,202)                  | (234,691)      |
| Total Comprehensive Income & Expenditure                               |      | (59,861)             | -                  | -                        | -                        | (59,861)               | (6,674)                   | (66,535)       |
| Adjustments between accounting Basis & funding Basis under regulations |      | 22,830               | -                  | -                        | (17,704)                 | 5,126                  | (5,126)                   |                |
| (Increase) /Decrease in year                                           |      | (37,031)             | -                  | -                        | (17,704)                 | (54,735)               | (11,800)                  | (66,535)       |
| Transfers (to)/from Earmarked Reserves                                 | 23   | 37,549               | (37,549)           | -                        | -                        | -                      | -                         |                |
| <b>Balance at 31 March 2023</b>                                        |      | (6,546)              | (150,033)          | (471)                    | (76,174)                 | (233,224)              | (68,002)                  | (301,226)      |

## 2.2 Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practice, rather than the amount charged to the General Fund which is set out in the Movement in Reserves Statement.

As part of the creation of the Combined Authority (NTCA) it was stated that a Joint Transport Committee (JTC) must be appointed which is endowed with the powers of the Integrated Transport Authority, which were previously endowed upon the North East Combined Authority (NECA) when the seven Local Authorities were part of it. NECA was appointed as the accountable body for the JTC.

NECA as the accountable body must split revenue, expenditure, assets and liabilities into those which relate to NECA and NTCA. The accounts for the Combined Authority thereby include a split of all income and expenditure relating to transport activity associated with the constituent authorities of North of Tyne.

| 2021/22            |                    |                  | Note                                                   | 2022/23            |                    |                  |
|--------------------|--------------------|------------------|--------------------------------------------------------|--------------------|--------------------|------------------|
| Gross Exp<br>£000s | Gross Inc<br>£000s | Net Exp<br>£000s |                                                        | Gross Exp<br>£000s | Gross Inc<br>£000s | Net Exp<br>£000s |
| 14,662             | (338)              | 14,324           | Investment Fund                                        | 29,449             | (3,357)            | 26,092           |
| 8,148              | (2,475)            | 5,673            | Corporate Costs                                        | 12,230             | (13,848)           | (1,618)          |
| 22,745             | (25,449)           | (2,704)          | Adult Education Budget                                 | 20,420             | (26,409)           | (5,989)          |
| 58,328             | (60,178)           | (1,850)          | Joint Transport Committee Costs                        | 80,727             | (100,387)          | (19,660)         |
| 607                | (298)              | 309              | Invest North East                                      | 513                | (301)              | 212              |
| 42,994             | (29,381)           | 13,613           | Local Enterprise Partnership                           | 32,425             | (13,410)           | 19,015           |
| <b>147,484</b>     | <b>(118,119)</b>   | <b>29,365</b>    | <b>Cost of Services</b>                                | <b>175,764</b>     | <b>(157,712)</b>   | <b>18,052</b>    |
| 4,561              | (644)              | 3,917            | Other operating expenditure                            | 4,843              | (4,261)            | 582              |
| -                  | (86,536)           | (86,536)         | Financing & Investment income and expenditure          | -                  | (78,495)           | (78,495)         |
|                    |                    |                  | Taxation and non-specific grant income and expenditure |                    |                    |                  |
| <b>152,045</b>     | <b>(205,299)</b>   | <b>(53,254)</b>  | <b>(Surplus)/ Deficit on Provision of Services</b>     | <b>180,608</b>     | <b>(240,469)</b>   | <b>(59,861)</b>  |
|                    |                    | <b>(2,723)</b>   | <b>Other Comprehensive Income &amp; Expenditure</b>    |                    |                    | <b>(6,674)</b>   |
|                    |                    | <b>(55,977)</b>  | <b>Total Comprehensive Income &amp; Expenditure</b>    |                    |                    | <b>(66,535)</b>  |

## 2.3 Balance Sheet as at 31 March 2023

The Balance sheet shows the values as at the Balance Sheet date, 31 March each year, of the assets and liabilities recognised by the Combined Authority. The Net Assets of the Combined Authority (total assets less total liabilities) are matched by Reserves. Reserves are reported in two categories – Usable and Unusable. Unusable Reserves includes those which hold unrealised gains and losses (e.g., the Revaluation Reserve) where amounts only become available to provide services if the assets are sold; and reserves that hold timing differences in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

| 31 March<br>2022<br>£000s |                              | Note | 31 March<br>2023<br>£000s |
|---------------------------|------------------------------|------|---------------------------|
| 152,242                   | Property, Plant & Equipment  | 13   | 151,250                   |
| 0                         | Pension Asset                | 21   | 626                       |
| 33,748                    | Long Term Debtors            | 17   | 48,118                    |
| <b>185,990</b>            | <b>Long Term Assets</b>      |      | <b>199,994</b>            |
| 202,708                   | Short Term Investments       | 14   | 231,806                   |
| 12,302                    | Short Term Debtors           | 16   | 14,353                    |
| 34,894                    | Cash & Cash Equivalents      | 18   | 45,136                    |
| <b>249,904</b>            | <b>Current Assets</b>        |      | <b>291,295</b>            |
| (21,025)                  | Short Term Borrowing         | 14   | (1,030)                   |
| (63,067)                  | Short Term Creditors         | 19   | (78,035)                  |
| (857)                     | Grants Receipts in Advance   | 8    | (787)                     |
| (2,278)                   | Public Private Partnerships  | 20   | (2,290)                   |
| <b>(87,227)</b>           | <b>Current Liabilities</b>   |      | <b>(82,142)</b>           |
| (34,177)                  | Public Private Partnerships  | 20   | (32,063)                  |
| (75,766)                  | Long Term Borrowing          | 15   | (75,858)                  |
| (4,033)                   | Pension Liability            | 21   | -                         |
| <b>(113,976)</b>          | <b>Long Term Liabilities</b> |      | <b>(107,921)</b>          |
| <b>234,691</b>            | <b>Net Assets</b>            |      | <b>301,226</b>            |
|                           | <b>Financed By:</b>          |      |                           |
| (178,489)                 | Useable Reserves             | 22   | (233,224)                 |
| (56,202)                  | Unusable Reserves            | 24   | (68,002)                  |
| <b>(234,691)</b>          | <b>Total Reserves</b>        |      | <b>(301,226)</b>          |

I certify that the Statement of Accounts for the period ended 31 March 2023, required by the Accounts and Audit Regulations 2015 give a true and fair view of the financial position of the Authority and its income and expenditure for the period ended 31 March 2023.

Signed: J. Gillespie

Date: 7 September 2023

Janice Gillespie Chief Finance Officer (Section 73 Officer)



## 2.4 Cash Flow Statement for period ended 31 March 2023

The Cash Flow Statement shows the changes in cash and cash equivalents of the Combined Authority during the reporting period. The Statement shows how the Combined Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Combined Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Combined Authority.

| 2021/22<br>£000 |                                                                                                                                       | Note | 2022/23<br>£000 |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------|------|-----------------|
| 53,254          | Net Surplus/(Deficit) on the provision of services                                                                                    |      | 59,861          |
| 5,474           | Adjustments to net surplus or deficit on the provision of services for non-cash movements                                             | 26   | 390             |
| <b>(83,408)</b> | Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 26   | <b>(68,900)</b> |
| <b>(24,680)</b> | <b>Net cash flows from Operating Activities</b>                                                                                       |      | <b>(8,649)</b>  |
| 20,306          | Investing Activities                                                                                                                  | 27   | 38,605          |
| 213             | Financing Activities                                                                                                                  | 28   | <b>(19,714)</b> |
| <b>(4,161)</b>  | <b>Net (Decrease)/Increase in cash and cash equivalents</b>                                                                           |      | 10,242          |
| 39,055          | Cash and cash equivalents at the beginning of the reporting period                                                                    | 18   | 34,894          |
| <b>34,894</b>   | <b>Cash and cash equivalents at the end of the reporting period</b>                                                                   |      | <b>45,136</b>   |

## 2.5 Index to the Notes to the Financial Statements

The values within the financial statements are disclosed with rounding's which are appropriate to their individual presentation. Consequently, the tables in the Statement of Accounts may contain rounding differences.

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| 33          | Accounting Policies                                                               | 46          |
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## 1. Narrative Explanatory Note on Devolution

### **Transfer of Services to the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority**

On 2 November 2018, under the terms of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 a new entity, the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority was created known as North of Tyne Combined Authority (NTCA).

At this date, Newcastle City Council, North Tyneside Metropolitan District Council and Northumberland County Council ceased to be members of the North East Combined Authority and became a member of the new NTCA; and the business of the North East Combined Authority, and the associated assets and liabilities, relating to the geography of Newcastle upon Tyne, North Tyneside and Northumberland transferred to the new NTCA.

Under the Order, it is stated that NECA and NTCA must appoint a Joint Transport Committee (JTC), which is endowed with the powers of the Integrated Transport Authority previously endowed upon NECA. The Constitution of the JTC is such that at it meets the definition of Joint Control and it is classified accordingly as a Joint Operation.

At its first meeting on 20 November 2018, the JTC appointed NECA as its accountable body. As the accountable body NECA must split the revenue, expenditure, and assets and liabilities into those which relate to NECA and those which relate to NTCA:

- That which relates to Northumberland is wholly allocated to NTCA.
- That which relates to Durham is wholly allocated to NECA.
- That which relates to Tyne and Wear is allocated between NECA and NTCA on the basis of population using the ONS statistics used as a basis of dividing levy contributions.

## 2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (e.g., government grants and levies) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

It also shows how this expenditure is allocated for decision making between the different areas of the Combined Authority (including JTC) budget. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The EFA presented in the accounts reconciles between the amounts in the Movement in Reserves Statement and Comprehensive Income and Expenditure Statement.

2022/23

|                                        | Net Exp.<br>Chargeable<br>to General<br>Fund | Adjs' for<br>Capital<br>Purposes | Pension<br>Adjs | Other Adjs   | Net Exp.<br>in CIES |
|----------------------------------------|----------------------------------------------|----------------------------------|-----------------|--------------|---------------------|
|                                        | £000s                                        | £000s                            | £000s           | £000s        | £000s               |
| Investment Fund                        | 25,579                                       | -                                | 508             | 5            | 26,092              |
| Corporate Costs                        | (1,852)                                      | -                                | 223             | 11           | (1,618)             |
| Adult Education Budget                 | (5,989)                                      | -                                | -               | -            | (5,989)             |
| Joint Transport Committee              | (4,037)                                      | (15,623)                         | -               | -            | (19,660)            |
| Invest North East                      | 90                                           | -                                | 96              | 26           | 212                 |
| Local Enterprise Partnership           | 17,467                                       | -                                | 1,389           | 158          | 19,015              |
| <b>Net Cost of Services</b>            | <b>31,258</b>                                | <b>(15,623)</b>                  | <b>2,216</b>    | <b>201</b>   | <b>18,052</b>       |
| Other Income & Expenditure             | (68,288)                                     | (12,726)                         | (201)           | 3,302        | (77,913)            |
| <b>Surplus on Provision of Service</b> | <b>(37,030)</b>                              | <b>(28,349)</b>                  | <b>2,015</b>    | <b>3,503</b> | <b>(59,861)</b>     |

|                                              |                |
|----------------------------------------------|----------------|
| Opening General Fund Balance                 | (7,064)        |
| Surplus on General Fund Balance in Year      | (37,030)       |
| Transfers to Earmarked Reserves              | 37,548         |
| <b>General Fund Balance at 31 March 2023</b> | <b>(6,546)</b> |

2021/22

|                                        | Net Exp<br>Chargeable<br>to General<br>Fund | Adjs for<br>Capital<br>Purposes | Pension<br>Adjs | Other Adjs   | Net Exp<br>in CIES |
|----------------------------------------|---------------------------------------------|---------------------------------|-----------------|--------------|--------------------|
|                                        | £000                                        | £000                            | £000            | £000         | £000               |
| Investment Fund                        | 14,003                                      | -                               | 347             | (26)         | 14,324             |
| Corporate Costs                        | 5,350                                       | -                               | 344             | (21)         | 5,673              |
| Adult Education Budget                 | (2,704)                                     | -                               | -               | -            | (2,704)            |
| Joint Transport Committee              | 30,222                                      | (32,072)                        | -               | -            | (1,850)            |
| Invest North East                      | 247                                         | -                               | 62              | -            | 309                |
| Local Enterprise Partnership           | 4,385                                       | 8,418                           | 914             | (104)        | 13,613             |
| <b>Net Cost of Services</b>            | <b>51,503</b>                               | <b>(23,654)</b>                 | <b>1,667</b>    | <b>(151)</b> | <b>29,365</b>      |
| Other Income & Expenditure             | (78,859)                                    | (4,852)                         | 102             | 990          | (82,619)           |
| <b>Surplus on Provision of Service</b> | <b>(27,356)</b>                             | <b>(28,506)</b>                 | <b>1,769</b>    | <b>839</b>   | <b>(53,254)</b>    |

|                                               |                |
|-----------------------------------------------|----------------|
| Opening General Fund Balances                 | (6,186)        |
| Surplus on General Fund Balances in Year      | (27,356)       |
| Transfer to Earmarked Reserves                | 26,478         |
| <b>General Fund Balances at 31 March 2022</b> | <b>(7,064)</b> |

## **Adjustments to the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts**

Adjustments for Capital Purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Combined Authority as allowed by statute and the replacement with current service costs and past service costs; and
- For Financing and Investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute include:

- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- For services this includes adjustments made from accruing compensated absences earned but not taken in the year

### 3. Income and Expenditure Analysed by Nature

| 2021/22         |                                                                                             | 2022/23          |                            |                 |
|-----------------|---------------------------------------------------------------------------------------------|------------------|----------------------------|-----------------|
| Total           |                                                                                             | Cost of Services | Other Income & Expenditure | Total           |
| £000            |                                                                                             | £000             | £000                       | £000            |
| 8,077           | Employee benefit expenses                                                                   | 7,501            | -                          | 7,501           |
| 88,951          | Other Service Expenses                                                                      | 134,671          | -                          | 134,671         |
| 536             | Support Service Recharges                                                                   | 579              | -                          | 579             |
| -               | Levies & Precepts                                                                           | -                | -                          | -               |
| 49,920          | Depreciation, impairment and Revenue Expenditure Funded from Capital under Statute (REFCUS) | 33,013           | -                          | 33,013          |
| 4,561           | Interest Payments                                                                           | -                | 4,844                      | 4,844           |
| <b>152,045</b>  | <b>Total Expenditure</b>                                                                    | <b>175,764</b>   | <b>4,844</b>               | <b>180,608</b>  |
| (35,249)        | Fees, charges and other service income (Tyne Tunnels tolls)*                                | (21,887)         | -                          | (21,887)        |
| (644)           | Interest and Investment Income                                                              | -                | (4,261)                    | (4,261)         |
| (33,666)        | Income from Transport Levy                                                                  | -                | (35,702)                   | (35,702)        |
| (127,588)       | Government grants and contributions                                                         | (128,400)        | (42,794)                   | (171,194)       |
| (8,152)         | Other Income                                                                                | (7,425)          | -                          | (7,425)         |
| (205,299)       | <b>Total Income</b>                                                                         | (157,712)        | (82,757)                   | (240,469)       |
| <b>(53,254)</b> | <b>(Surplus)/Deficit on the provision of services</b>                                       | <b>18,052</b>    | <b>(77,913)</b>            | <b>(59,861)</b> |

\*Fees, charges and other service income relates wholly to tolls paid by users of the Tyne Tunnels.

#### 4. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income & Expenditure figure recognised by the Combined Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Combined Authority to meet future capital and revenue expenditure.

2021/22

2022/23

| General Fund<br>£000                                                        | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |                                                                                                                              | General Fund<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|-----------------------------------------------------------------------------|----------------------------------|----------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------|----------------------------------|---------------------------|
| <b>Adjustments primarily involving the Capital Adjustment Account</b>       |                                  |                                  |                           |                                                                                                                              |                      |                                  |                                  |                           |
| (1,931)                                                                     | -                                | -                                | 1,931                     | <u>Reversal of items debited or credited to the CIES</u><br>Charges for depreciation and impairment of non-current assets    | (1,938)              |                                  |                                  | 1,938                     |
| 2,278                                                                       | -                                | -                                | (2,278)                   | Other income that cannot be credited to the General Fund                                                                     | 2,290                |                                  |                                  | (2,290)                   |
| 43,877                                                                      | -                                | -                                | (43,877)                  | Capital Grants and contributions applied                                                                                     | 32,836               |                                  |                                  | (32,836)                  |
| (47,989)                                                                    | -                                | -                                | 47,989                    | Revenue expenditure funded from capital under statute                                                                        | (50,985)             |                                  |                                  | 50,985                    |
| 804                                                                         | -                                | -                                | (804)                     | <u>Insertion of items not debited or credited to the CIES</u><br>Statutory provision for the financing of capital investment | 832                  |                                  |                                  | (832)                     |
| 354                                                                         | -                                | -                                | (354)                     | Capital expenditure charged against the General Fund                                                                         | 164                  |                                  |                                  | (164)                     |
| <b>Adjustments primarily involving the Capital Grants Unapplied Account</b> |                                  |                                  |                           |                                                                                                                              |                      |                                  |                                  |                           |
| 39,530                                                                      | -                                | (39,530)                         | -                         | Grants and contributions unapplied credited to CIES                                                                          | 36,064               |                                  | (36,064)                         |                           |
| -                                                                           | -                                | 4,352                            | (4,352)                   | Application of grants to capital financing transferred to Capital Adjustment Account                                         |                      |                                  | 18,360                           | (18,360)                  |

2021/22

2022/23

| General Fund<br>£000                                          | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |                                                                                                                                                                               | General Fund<br>£000 | Capital Receipts Reserve<br>£000 | Capital Grants Unapplied<br>£000 | Unusable Reserves<br>£000 |
|---------------------------------------------------------------|----------------------------------|----------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------|----------------------------------|---------------------------|
| <b>Adjustments involving the Capital Receipts Reserve</b>     |                                  |                                  |                           |                                                                                                                                                                               |                      |                                  |                                  |                           |
| -                                                             | (654)                            | -                                | 654                       | Loan principal repayments                                                                                                                                                     |                      | (633)                            |                                  | 633                       |
| (8,418)                                                       | 8,418                            | -                                | -                         | Use of Capital Receipts to finance new capital expenditure                                                                                                                    |                      |                                  |                                  |                           |
| -                                                             | 654                              | -                                | (654)                     | Application of capital receipts to repayment of debt                                                                                                                          |                      | 633                              |                                  | (633)                     |
| <b>Adjustments involving the Financial Instruments</b>        |                                  |                                  |                           |                                                                                                                                                                               |                      |                                  |                                  |                           |
| (990)                                                         | -                                | -                                | 990                       | Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements                           | 5,381                | -                                | -                                | (5,381)                   |
| <b>Adjustments involving the Accumulated Absences Reserve</b> |                                  |                                  |                           |                                                                                                                                                                               |                      |                                  |                                  |                           |
| 151                                                           | -                                | -                                | (151)                     | Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 203                  |                                  |                                  | (203)                     |
| <b>Adjustments involving the Pensions Reserve</b>             |                                  |                                  |                           |                                                                                                                                                                               |                      |                                  |                                  |                           |
| (1,930)                                                       | -                                | -                                | 1,930                     | Reversal of items relating to retirement benefits debited or credited to CIES                                                                                                 | (2,216)              |                                  |                                  | 2,216                     |
| 263                                                           | -                                | -                                | (263)                     | Employer's pension contributions and direct payments to pensioners payable in the year                                                                                        | 305                  |                                  |                                  | (305)                     |
| (102)                                                         | -                                | -                                | 102                       | Interest expense on net defined liability/(asset)                                                                                                                             | (104)                |                                  |                                  | 104                       |
| <b>25,898</b>                                                 | <b>8,418</b>                     | <b>(35,178)</b>                  | <b>862</b>                | <b>Total Adjustments</b>                                                                                                                                                      | <b>22,832</b>        |                                  | <b>(17,704)</b>                  | <b>5,128</b>              |



## 5. Leasing

The Combined Authority entered into a short-term building lease on the 10<sup>th</sup> August 2021 which is classified as a short-term lease. The total rents payable in 2022/23 were £0.075m.

Undischarged operating lease rentals at 31 March 2023 amounted to £0.571m, comprising of the following elements:

|                  | <b>31<br/>March<br/>2023<br/>£000</b> |
|------------------|---------------------------------------|
| Due Year 1       | 154                                   |
| Due Year 2-5     | 417                                   |
| Due after Year 5 | -                                     |
| <b>Total</b>     | <b>571</b>                            |

## 6. Financing and Investment Income and Expenditure

The financing and investment income & expenditure shown in the Comprehensive Income & Expenditure Statement consists of:

|                                        | <b>Note</b> | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|----------------------------------------|-------------|-------------------------|-------------------------|
| Interest payable and similar charges   |             | 4,459                   | 4,740                   |
| Interest on defined benefit liability  | 21          | 102                     | 104                     |
| Interest receivable and similar income |             | (644)                   | (4,262)                 |
| <b>Total</b>                           |             | <b>3,917</b>            | <b>582</b>              |

## 7. Taxation and Non-Specific Grant Income

The taxation and non-specific grant income shown in the Comprehensive Income and Expenditure Statement consists of:

|                                  | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|----------------------------------|-------------------------|-------------------------|
| Transport Levy                   | (33,666)                | (35,702)                |
| Non-ringfenced Government Grants | (20,000)                | (20,000)                |
| Non-Specific Capital Grants      | (32,870)                | (22,793)                |
| <b>Total</b>                     | <b>(86,536)</b>         | <b>(78,495)</b>         |

## 8. Grants and Contributions Income

The Combined Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that would require the monies to be returned to the provider if they are not met. The balances at the year-end are as follows:

|                                                    | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|----------------------------------------------------|-----------------------------------|-----------------------------------|
| <u>Capital Receipts in Advance</u>                 |                                   |                                   |
| NECA Office for Low Emission Vehicles              | (23)                              | (23)                              |
| Other Grants                                       | (834)                             | (764)                             |
| <b>Total</b>                                       | <b>(857)</b>                      | <b>(787)</b>                      |
|                                                    |                                   |                                   |
| Shown as Short-Term Liability on the Balance Sheet | (857)                             | (787)                             |
| <b>Total</b>                                       | <b>(857)</b>                      | <b>(787)</b>                      |

The following grants were credited to the net cost of service within the Comprehensive Income and Expenditure Statement during the year:

|                                                             | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|-------------------------------------------------------------|-------------------------|-------------------------|
| Adult Education Budget                                      | (25,449)                | (26,138)                |
| Bus Service Improvement Plan                                | -                       | (53,014)                |
| Transforming Cities Fund                                    | (25,617)                | (6,000)                 |
| Local Transport Plan                                        | (9,022)                 | (6,322)                 |
| Active Travel Fund                                          | (6,280)                 | (8,448)                 |
| Covid 19 Business Support                                   | (1,149)                 | -                       |
| Mayoral Capacity Fund                                       | (1,000)                 | (1,000)                 |
| European Grants                                             | (674)                   | (858)                   |
| Growth Hub                                                  | (780)                   | (390)                   |
| LEP Core Funding                                            | (500)                   | (932)                   |
| Business Recovery Grants                                    | (558)                   | (193)                   |
| Community Renewal                                           | (1,002)                 | (367)                   |
| Made Smarter                                                | (624)                   | (800)                   |
| Levelling Up Support Grant                                  | -                       | (625)                   |
| Multiply                                                    | -                       | (1,248)                 |
| UK Social Prosperity Fund                                   | -                       | (5,754)                 |
| Digital Connectivity Infrastructure Accelerator             | -                       | (469)                   |
| Corporate Contributions from Local Authorities              | -                       | (222)                   |
| Enterprise Advisor Programme                                | -                       | (221)                   |
| Local Transport Fund                                        | -                       | (5,644)                 |
| Peer Networks                                               | (313)                   | -                       |
| Education Vision                                            | (206)                   | (52)                    |
| Contributions KAM Programme                                 | -                       | (161)                   |
| Contributions Net Zero North East                           | -                       | (220)                   |
| EY Primary Pilot                                            | (281)                   | (407)                   |
| City Regional Sustainable Transport Settlement              | -                       | (2,555)                 |
| Careers Grant                                               | (134)                   | -                       |
| Skills Bootcamp                                             | (171)                   | (4,931)                 |
| Youth Employment Partnership                                | (187)                   | (39)                    |
| Other grants and contributions (individually under £0.100m) | (745)                   | (1,390)                 |
| <b>Total</b>                                                | <b>(74,718)</b>         | <b>(128,400)</b>        |

## 9. Members' Allowances

Allowances  
Total

| 31 March<br>2022<br>£000 | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------|
| 67                       | 67                       |
| <b>67</b>                | <b>67</b>                |

## 10. Officers' Remuneration

The remuneration paid to the Combined Authority's Senior Officers was as follows:

| 2021/22                           |                               |               |                                                                                                | 2022/23                           |                               |               |
|-----------------------------------|-------------------------------|---------------|------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------|---------------|
| Salary, Fees & Allowances<br>£000 | Pension Contributions<br>£000 | Total<br>£000 |                                                                                                | Salary, Fees & Allowances<br>£000 | Pension Contributions<br>£000 | Total<br>£000 |
| 137                               | 7                             | 144           | Chief Executive (LEP)<br>Helen Golightly                                                       | 155                               | 7                             | 162           |
| 132                               | 7                             | 138           | Head of Paid Service/NTCA<br>Chief Executive (Formerly<br>Managing Director)**<br>Henry Kippin | 154                               | 8                             | 162           |
| 110                               | 6                             | 116           | Director of Policy and<br>Performance<br>Ruth Redfern                                          | 163                               | 8                             | 171           |
| 95                                | 5                             | 100           | Innovation Director (LEP)                                                                      | 66                                | 1                             | 67            |
| 71                                | 4                             | 75            | Director Invest North East                                                                     | 73                                | 4                             | 77            |
| 71                                | 4                             | 75            | Skills Director (LEP)                                                                          | 73                                | 4                             | 77            |
| 71                                | 4                             | 75            | Strategy & Policy Director<br>(LEP)                                                            | 74                                | 4                             | 78            |
| 71                                | 4                             | 75            | Business Growth Director<br>(LEP)                                                              | 73                                | 4                             | 77            |
| 133                               | 0                             | 133           | Managing Director of<br>Transport Arrangements*                                                | 135                               | 0                             | 135           |
| <b>891</b>                        | <b>41</b>                     | <b>932</b>    | <b>Total</b>                                                                                   | <b>966</b>                        | <b>40</b>                     | <b>1,006</b>  |

\* The Managing Director of Transport Arrangements is a NECA employee, working on behalf of the Joint Transport Committee, therefore under the Joint Transport Committee arrangements the remuneration paid to the Managing Director of Transport Operations is included in the table above, although NTCA are only responsible for their proportion of his salary costs based on the population split.

\*\*From the 7<sup>th</sup> of June 2022 this post now includes the responsibilities of the Statutory post of Head of Paid Service.

Two of the Statutory Officers of the Combined Authority - Monitoring Officer and Chief Finance Officer are not formal employees of the Combined Authority and are not therefore included in the statutory disclosures above. Their services are based on agreed number of days per week and charged including expenses by their respective local authority employers, these are shown in the interests of transparency.

| 2021/22                         |                  |               |                                                                                                        | 2022/23                         |                  |               |
|---------------------------------|------------------|---------------|--------------------------------------------------------------------------------------------------------|---------------------------------|------------------|---------------|
| Payment for agreed days<br>£000 | Expenses<br>£000 | Total<br>£000 |                                                                                                        | Payment for agreed days<br>£000 | Expenses<br>£000 | Total<br>£000 |
| 7                               | 0                | 7             | Paul Hanson, Head of Paid Service 1 Jan 2020 until 8 June 2021<br>(SLA North Tyneside Council)         | 0                               | 0                | 0             |
| 23                              | 0                | 23            | Janice Gillespie, Interim Chief Finance Officer, S.73 Officer (Secondment from North Tyneside Council) | 88                              | 0                | 88            |
| 28                              | 0                | 28            | John Softly Interim Monitoring Officer<br>(SLA Newcastle City Council)                                 | 23                              | 0                | 23            |
| <b>58</b>                       | <b>0</b>         | <b>58</b>     | <b>Total</b>                                                                                           | <b>111</b>                      | <b>0</b>         | <b>111</b>    |

The number of other officers who are directly employed by the Combined Authority, who received remuneration greater than £50,000 (excluding employers' pension contributions) was as follows:

|                 | 2021/22 | 2022/23 |
|-----------------|---------|---------|
| £50,000-£54,999 | 9       | 15      |
| £55,000-£59,999 | 4       | 8       |
| £60,000-£64,999 | -       | 1       |
| £65,000-£69,999 | 2       | 1       |
| £70,000-£74,999 | -       | 2       |
| £75,000-£79,999 | 2       | 0       |
| £80,000-£84,999 | -       | 3       |
| £85,000-£89,999 | -       | 0       |
| £90,000-£94,999 | -       | 0       |
| £95,000-£99,999 | -       | 0       |

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

| Exit pack cost band (a) | Number of compulsory redundancies (b) |          | Number of other departures agreed (c) |          | Total number of exit packages by cost band (b) + (c) |          | Total cost of exit packages in each band £000 |           |
|-------------------------|---------------------------------------|----------|---------------------------------------|----------|------------------------------------------------------|----------|-----------------------------------------------|-----------|
|                         | 2021/22                               | 2022/23  | 2021/22                               | 2022/23  | 2021/22                                              | 2022/23  | 2021/22                                       | 2022/23   |
| £                       |                                       |          |                                       |          |                                                      |          |                                               |           |
| 0-20,000                | 1                                     | 4        | 1                                     | 1        | 2                                                    | 5        | 15                                            | 13        |
| 20,001-40,000           | -                                     | 1        | -                                     | -        | -                                                    | 1        | -                                             | 21        |
| 40,001-60,000           | -                                     | -        | -                                     | -        | -                                                    | -        | -                                             | -         |
| 60,001-80,000           | -                                     | -        | -                                     | -        | -                                                    | -        | -                                             | -         |
| 80,001-100,000          | -                                     | -        | -                                     | -        | -                                                    | -        | -                                             | -         |
| 100,001-150,000         | -                                     | -        | -                                     | -        | -                                                    | -        | -                                             | -         |
| <b>Total</b>            | <b>1</b>                              | <b>5</b> | <b>1</b>                              | <b>1</b> | <b>2</b>                                             | <b>6</b> | <b>15</b>                                     | <b>34</b> |

The above table provides details of exit packages. The packages included within each band are those that have been agreed by the Combined Authority. The agreement may be legal, contractual or constructive at the end of the financial year. The costs include all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

## 11. Audit Costs

The Combined Authority has incurred the following costs in relation to the audit of the Statement of Accounts:

|                                                                                         | 2021/22<br>£000 | 2022/23<br>£000 |
|-----------------------------------------------------------------------------------------|-----------------|-----------------|
| Fees payable to the appointed Auditor under the Local Audit and Accountability Act 2014 | 28              | 28              |

## 12. Related Party Transactions

The Combined Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Combined Authority or to be controlled or influenced by the Combined Authority. Disclosure of these transactions allows readers to assess the extent to which the Combined Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Combined Authority.

In this context, related parties include:

- Central Government
- Members of the Cabinet
- Officers of the Combined Authority
- NTCA Constituent Authorities
- Joint Transport Committee Constituent Authorities
- Other Public Bodies
- Other Entities

*Central Government* is responsible for providing the statutory framework within which the Combined Authority operates and provides much of its funding in the form of grants and

prescribes the terms of some of the transactions that the Combined Authority has with other parties. Grants received from government departments are set out in **Note 8**.

*Members of the Cabinet* have direct control over the Combined Authority's financial and operating policies. The total of Members' allowances payable to elected members of the Combined Authority is shown in **Note 9**. During 2022/23 no works or services were commissioned from companies in which any members had an interest.

*Officers* – During 2022/23 there have been no pecuniary interests involving the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer to the Combined Authority.

*NTCA Constituent Authorities* – The leaders of the three constituent authorities serve as members on the NTCA Cabinet. Details of material transactions with the seven north east authorities are set out in the table below.

*Joint Transport Committee Constituent Authorities* – From 2 November 2018, the Joint Transport Committee has been in establishment, comprised of the seven North East local authorities. Figures reported in these accounts include the NTCA share of Joint Transport Committee activity, and details of material transactions with the seven authorities are set out in the table below.

*Other public bodies* – The Combined Authority has a direct relationship with the Passenger Transport Executive for Tyne and Wear (Nexus) through the North East Combined Authority (NECA). Details of material transactions with Nexus are set out in the table overleaf.

| 2021/22     |          |             |          |                                             | 2022/23     |          |             |          |
|-------------|----------|-------------|----------|---------------------------------------------|-------------|----------|-------------|----------|
| Receivables | Income   | Expenditure | Payables |                                             | Receivables | Income   | Expenditure | Payables |
| £000        | £000     | £000        | £000     |                                             | £000        | £000     | £000        | £000     |
|             |          |             |          | <b>NTCA<br/>Constituent<br/>Authorities</b> |             |          |             |          |
| (155)       | (32,185) | 12,284      | 1,804    | Newcastle                                   | (69)        | (36,565) | 14,062      | 2,961    |
| (1)         | (22,275) | 6,767       | 2,205    | North Tyneside                              | (69)        | (23,895) | 11,700      | 432      |
| -           | (6,378)  | 5,169       | 891      | Northumberland                              | (424)       | (6,909)  | 4,531       | 997      |
|             |          |             |          | <b>NECA<br/>Constituent<br/>Authorities</b> |             |          |             |          |
| (195)       | (4,251)  | 7,262       | 772      | Durham                                      | (322)       | (3,720)  | 3,609       | 694      |
| (259)       | (88)     | 3,356       | 167      | Gateshead                                   | (489)       | (362)    | 1,786       | 391      |
| -           | (982)    | 2,157       | 78       | South Tyneside                              | (32)        | (115)    | 1,760       | 282      |
| (1,777)     | (79)     | 9,758       | 705      | Sunderland                                  | (30)        | (109)    | 11,397      | 1,623    |
|             |          |             |          | <b>Other Public<br/>Bodies</b>              |             |          |             |          |
| (18)        | (6)      | 34,002      | 432      | NECA                                        | (84)        | -        | 36,041      | 32       |
| (81)        | (675)    | 27,901      | 43,943   | Nexus                                       | (846)       | (87)     | 30,288      | 3,657    |

NECA is the accountable body for the Joint Transport Committee and as such must split revenue, expenditure and assets and liabilities into those which relate to NECA and those which relate to

NTCA. The basis of dividing the levy contributions is done on a proportion of population in respect of the five Tyne & Wear authorities, with North of Tyne authorities proportion based on Newcastle and North Tyneside population and the NECA authorities split on the population of Gateshead, South Tyneside and Sunderland. The contribution relating to Northumberland, however, is administered by North of Tyne and therefore shown as wholly allocated within the North of Tyne accounts and Durham is wholly shown in the NECA accounts.

### 13. Property, Plant and Equipment(excluding Highways Infrastructure Assets)

|                                                                                 | Vehicles, Plant,<br>Furniture &<br>Equipment | Assets Under<br>Construction | Total Property,<br>Plant & Equipment | Service Concession<br>Assets included in<br>Property, Plant and<br>Equipment |
|---------------------------------------------------------------------------------|----------------------------------------------|------------------------------|--------------------------------------|------------------------------------------------------------------------------|
|                                                                                 | £000                                         | £000                         | £000                                 | £000                                                                         |
| <b>Cost or Valuation</b>                                                        |                                              |                              |                                      |                                                                              |
| <b>At 1 April 2022</b>                                                          | 2,359                                        | 624                          | <b>2,983</b>                         | -                                                                            |
| Additions                                                                       | -                                            | 148                          | <b>148</b>                           | -                                                                            |
| Reclassification from Assets<br>Under Construction                              | -                                            | -                            | -                                    | -                                                                            |
| Impairment recognised in the<br>Surplus/Deficit on the Provision of<br>Services | -                                            | -                            | -                                    | -                                                                            |
| Other Adjustments                                                               | -                                            | -                            | -                                    | -                                                                            |
| <b>At 31 March 2023</b>                                                         | <b>2,359</b>                                 | <b>772</b>                   | <b>3,131</b>                         | -                                                                            |
| <b>Accumulated Depreciation and<br/>Impairment</b>                              |                                              |                              |                                      |                                                                              |
| <b>At 1 April 2022</b>                                                          | (863)                                        | -                            | <b>(863)</b>                         | -                                                                            |
| Depreciation charge for the Year                                                | (133)                                        | -                            | <b>(133)</b>                         | -                                                                            |
| <b>At 31 March 2023</b>                                                         | <b>(996)</b>                                 | -                            | <b>(996)</b>                         | -                                                                            |
| <b>Net Book Value</b>                                                           |                                              |                              |                                      |                                                                              |
| <b>At 1 April 2022</b>                                                          | 1,497                                        | 624                          | 2,121                                | -                                                                            |
| <b>At 31 March 2023</b>                                                         | <b>1,363</b>                                 | <b>772</b>                   | <b>2,135</b>                         | -                                                                            |

**2021/22**

|                                                                                 | <b>Vehicles, Plant,<br/>Furniture &amp;<br/>Equipment</b> | <b>Assets<br/>Under<br/>Construction</b> | <b>Total Property,<br/>Plant &amp;<br/>Equipment</b> | <b>Service<br/>Concession<br/>Assets<br/>included in<br/>PPE</b> |
|---------------------------------------------------------------------------------|-----------------------------------------------------------|------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|
|                                                                                 | <b>£000</b>                                               | <b>£000</b>                              | <b>£000</b>                                          | <b>£000</b>                                                      |
| <b>Cost or Valuation</b>                                                        |                                                           |                                          |                                                      |                                                                  |
| At 1 April 2021                                                                 | 2,298                                                     | 542                                      | 2,840                                                | -                                                                |
| Additions                                                                       | -                                                         | 144                                      | 144                                                  | -                                                                |
| Reclassification                                                                | 62                                                        | (62)                                     | -                                                    | -                                                                |
| Impairment recognised in the<br>Surplus/Deficit on the Provision of<br>Services | -                                                         | -                                        | -                                                    | -                                                                |
| Other adjustments                                                               | -                                                         | -                                        | -                                                    | -                                                                |
| <b>At 31 March 2022</b>                                                         | <b>2,360</b>                                              | <b>624</b>                               | <b>2,984</b>                                         | <b>-</b>                                                         |
| <b>Accumulated Depreciation &amp;<br/>Impairments</b>                           |                                                           |                                          |                                                      |                                                                  |
| At 1 April 2021                                                                 | (728)                                                     | -                                        | (728)                                                | -                                                                |
| Depreciation charge                                                             | (135)                                                     | -                                        | (135)                                                | -                                                                |
| <b>At 31 March 2022</b>                                                         | <b>(863)</b>                                              | <b>-</b>                                 | <b>(863)</b>                                         | <b>-</b>                                                         |
| <b>Net Book Value</b>                                                           |                                                           |                                          |                                                      |                                                                  |
| At 1 April 2021                                                                 | 1,570                                                     | 542                                      | 2,112                                                | -                                                                |
| <b>At 31 March 2022</b>                                                         | <b>1,497</b>                                              | <b>624</b>                               | <b>2,121</b>                                         | <b>-</b>                                                         |

### **Note 13a: Property, Plant and Equipment (Highways Infrastructure Assets)**

#### **Movements on balances**

In accordance with the temporary relief offered by the Update to the Code on Infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.



|                                                  | 2021/22        | 2022/23        |
|--------------------------------------------------|----------------|----------------|
|                                                  | £000           | £000           |
| <b>Net book value (modified historical cost)</b> |                |                |
| <b>At 1 April</b>                                | <b>151,022</b> | <b>151,022</b> |
| Additions                                        | 210            | 10             |
| Derecognition                                    | -              | -              |
| Depreciation                                     | (1,796)        | (1,806)        |
| Impairment                                       | -              | -              |
| Other movements in cost                          | 687            | (109)          |
| <b>At 31 March</b>                               | <b>150,123</b> | <b>149,117</b> |

#### Reconciliation to Balance Sheet

|                         | 2021/22        | 2022/23        |
|-------------------------|----------------|----------------|
|                         | £000           | £000           |
| Infrastructure assets   | 150,123        | 149,117        |
| Other PPE assets        | 2,121          | 2,135          |
| <b>Total PPE assets</b> | <b>152,244</b> | <b>151,252</b> |

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

#### Structures - net book value

NTCA has estimated a net book value at 31 March 2023 for its structures at £149.117m. This is fully represented by the tunnels owned by the authority. The remaining useful lives for its tunnels are assessed to be as follows:

|                                |           |
|--------------------------------|-----------|
| Northbound vehicle tunnel      | 60 years  |
| Southbound vehicle tunnel      | 108 years |
| Pedestrian and cyclist tunnels | 60 years  |

## 14. Financial Instruments

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Combined Authority that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Combined Authority during the year are held under the following classifications:

| Financial Assets              | Non-Current                 |                             |                             |                             | Current                     |                             |                             |                             |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                               | Investments                 |                             | Debtors                     |                             | Investments                 |                             | Debtors                     |                             |
|                               | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 |
|                               | Amortised cost              | -                           | -                           | 33,748                      | 48,118                      | 202,708                     | 231,806                     | 10,980                      |
| <b>Total Financial Assets</b> | -                           | -                           | <b>33,748</b>               | <b>48,118</b>               | <b>202,708</b>              | <b>231,806</b>              | <b>10,980</b>               | <b>12,131</b>               |
| Non-financial Assets          | -                           | -                           | -                           | -                           | -                           | -                           | 1,322                       | 2,222                       |
| <b>Total</b>                  | -                           | -                           | <b>33,748</b>               | <b>48,118</b>               | <b>202,708</b>              | <b>231,806</b>              | <b>12,302</b>               | <b>14,353</b>               |

### Financial assets held at amortised costs

Financial assets are classified at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

All of the financial assets fit these criteria and are classified at amortised cost.

### Trade receivables

Trade receivables are amounts due for goods and services delivered. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are recognised initially at the amount of the consideration. Trade receivables are held with the objective of collecting the contractual cash flows and are therefore measured at amortised cost using the effective interest method.

Due to the short-term nature of held to maturity investments, their carrying value is considered to be the same as their fair value.

### Financial liabilities held at amortised cost

|                                    | Non-Current                 |                             |                             |                             | Current                     |                             |                             |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | Borrowings                  |                             | Creditors                   |                             | Borrowings                  |                             | Creditors                   |                             |
|                                    | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 |
|                                    | Amortised cost              | (75,766)                    | (75,858)                    | -                           | -                           | (21,025)                    | (1,030)                     | (26,054)                    |
| <b>Total financial liabilities</b> | <b>(75,766)</b>             | <b>(75,858)</b>             | <b>-</b>                    | <b>-</b>                    | <b>(21,025)</b>             | <b>(1,030)</b>              | <b>(26,054)</b>             | <b>(27,915)</b>             |
| Non-financial liabilities          | -                           | -                           | -                           | -                           | -                           | -                           | (37,013)                    | (50,121)                    |
| <b>Total</b>                       | <b>(75,766)</b>             | <b>(75,858)</b>             | <b>-</b>                    | <b>-</b>                    | <b>(21,025)</b>             | <b>(1,030)</b>              | <b>(63,067)</b>             | <b>(78,036)</b>             |

A financial liability is an obligation to transfer economic benefits controlled by the Combined Authority and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Combined Authority.

The contractual terms for these financial liabilities give rise to cash flows that are solely payments of principal and interest, and they have been accordingly classified at amortised cost.

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

| 31 March 2022                           |                                    |              |                                                              | 31 March 2023                           |                                    |                |
|-----------------------------------------|------------------------------------|--------------|--------------------------------------------------------------|-----------------------------------------|------------------------------------|----------------|
| Financial Liabilities at Amortised Cost | Financial Assets at Amortised Cost | Total        |                                                              | Financial Liabilities at Amortised Cost | Financial Assets at Amortised Cost | Total          |
| £000                                    | £000                               | £000         |                                                              | £000                                    | £000                               | £000           |
| 3,231                                   | 1,229                              | 4,460        | Interest Expense                                             | 3,240                                   | 1,500                              | 4,740          |
| -                                       | 102                                | 102          | Interest payable on defined benefit liability                | -                                       | 104                                | 104            |
| <b>3,231</b>                            | <b>1,331</b>                       | <b>4,562</b> | <b>Total expense in Surplus on the Provision of Services</b> | <b>3,240</b>                            | <b>1,604</b>                       | <b>4,844</b>   |
| -                                       | (1,746)                            | (1,746)      | Investment Income                                            | -                                       | (2,721)                            | (2,721)        |
| -                                       | 1,101                              | 1,101        | Movement on Soft Loan Adjustment                             | -                                       | (1,541)                            | (1,541)        |
| -                                       | (645)                              | (645)        | <b>Total Income on Surplus on Provision of Services</b>      | -                                       | <b>(4,262)</b>                     | <b>(4,262)</b> |
| <b>3,231</b>                            | <b>686</b>                         | <b>3,917</b> | <b>Net gain/(loss) for the year</b>                          | <b>3,240</b>                            | <b>(2,658)</b>                     | <b>582</b>     |

### Fair Value of Assets & Liabilities carried at Amortised Cost

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

- Loans borrowed by the Combined Authority have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of 'Lender's Option Borrower's Option' (LOBO) loans have been increased by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument; and

- The fair value of short-term instruments, including trade payables and receivables, is assumed to be approximate to the carrying amount.

For 2022/23 the fair values shown in the table below are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities e.g., bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability: Fair values have been estimated by discounting the loans' contractual cash flows over the whole life of the instruments at the appropriate market rates for local authority loans of equivalent remaining term. The value of "Lender's Option Borrower's Options" (LOBO) loans have been increased by the value of the embedded options: lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps; borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- Level 3 – fair value is determined using unobservable inputs: consideration of the estimated creditworthiness of the organisation receiving the loans based on their financial performance and track record of payment.

The fair values calculated are as follows:

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

|                                              | Level | 31 March 2022           |                    | 31 March 2023           |                    |
|----------------------------------------------|-------|-------------------------|--------------------|-------------------------|--------------------|
|                                              |       | Carrying Amount<br>£000 | Fair Value<br>£000 | Carrying Amount<br>£000 | Fair Value<br>£000 |
| Financial liabilities held at amortised cost | 2     | (96,971)                | (130,747)          | (76,888)                | (73,984)           |
| <b>Total</b>                                 |       | <b>(96,971)</b>         | <b>(130,747)</b>   | <b>(76,888)</b>         | <b>(73,984)</b>    |
| <b>Financial Assets at amortised cost</b>    |       |                         |                    |                         |                    |
| Held to Maturity Investments                 | 2     | 202,708                 | 202,708            | 231,806                 | 231,806            |
| Nexus loan debtor                            | 2     | 14,470                  | 21,068             | 13,935                  | 13,537             |
| Other loan debtors                           | 3     | 19,278                  | 19,278             | 34,183                  | 34,183             |
| <b>Total Financial Assets</b>                |       | <b>236,456</b>          | <b>243,054</b>     | <b>279,924</b>          | <b>279,526</b>     |

### Soft Loans

Soft loans are loans made to third parties at a preferential rate of interest, i.e., below the market rate. In previous years, the Local Enterprise Partnership issued a small number of loans as part of its North East Investment Fund activity to encourage economic development in the region. Details of soft loans are set out in the table below.

- Durham University - Development of Centre for Innovation and Growth, research and development facility to work with partners and private companies to develop new technologies and processes.

- Hyperbaric (previously Neptune Test Centre) - Construction of deep-water test tank at Neptune Enterprise Zone.
- Boiler Shop - Development including office and conferencing space at South Street/Boiler Shop, Stephenson Quarter.

| Description       | Term (Years) | Contracted Rate | Fair Value Rate | Opening Balance Fair Value | Loans Repaid | Increase in discounted amount | Closing Balance (fair value) | Closing Balance (Nominal) |
|-------------------|--------------|-----------------|-----------------|----------------------------|--------------|-------------------------------|------------------------------|---------------------------|
|                   |              |                 |                 | £000                       | £000         | £000                          | £000                         | £000                      |
| Durham University | 12           | 1.90%           | 4.95%           | 6,354                      | (1,084)      | 553                           | 5,822                        | 5,664                     |
| Hyperbaric        | 9            | 0.00%           | 4.99%           | 4,000                      | (55)         | (1,713)                       | 2,232                        | 3,565                     |
| Boiler Shop       | 3            | 4.50%           | 5.02%           | 1,734                      | (208)        | (1,526)                       | -                            | 1,696                     |

## 15. Nature and Extent of risks arising from Financial Instruments

The Combined Authority's activities expose it to a variety of financial risks:

- Credit Risk- the possibility that other parties might fail to pay amounts due to the Combined Authority,
- Liquidity Risk- the possibility that the Combined Authority might not have funds available to meet its commitments to make payments; and
- Market Risk- the possibility that financial loss might arise for the Combined Authority as a result of changes in such measures as interest rates and financial market movements.

The Combined Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Combined Authority in the Annual Treasury Management Strategy Statement. The statement provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

### Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Combined Authority's customers. This deposit risk is minimised through the Treasury Management Statement, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Statement also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Combined Authority are detailed fully in the Annual Treasury Management Strategy Statement.

The following table summarises the Combined Authority's maximum exposure to credit risk on financial assets. This analysis is based on credit rating advice received by Treasury Management advisors and focuses on the long-term investment grade rating issued to each financial institution. The highest possible rating is AAA, and the lowest rating is BBB:

| <b>Rating</b>                                                  | <b>2022/23<br/>£000</b> |
|----------------------------------------------------------------|-------------------------|
| AAA                                                            |                         |
| <b>Total Cash Equivalents</b>                                  | <b>14,132</b>           |
| n/a – investments with UK Local Authorities                    | 141,391                 |
| n/a - investments with banks                                   | 99,045                  |
| n/a – investments with unrated building societies <sup>1</sup> | 19,259                  |
| <b>Total Short-Term Investments</b>                            | <b>259,695</b>          |

<sup>1</sup>In line with its agreed Investment Strategy, NTCA at the point of these accounts, did not place investments with any Building Society. NECA (in regard of those Investments which relate to JTC Investments) place investments for up to 1 year and up to £5m each with UK Building Societies without credit ratings with assets greater than £250m.

The Combined Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recovery applies to all the Combined Authority's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise. Actions are taken immediately if an institution is downgraded, and deposits withdrawn in line with Treasury Management Strategy.

Customers for goods and services are assessed, considering their financial position, past experience and other factors, within individual credit limits being set in accordance with internal ratings within parameters set by the Combined Authority. The Combined Authority has a low risk of default from its customers for goods and services since these are predominantly other local authorities or other public bodies such as Nexus.

Credit risk is taken into account in determining the appropriate rate of interest to be applied to the North East Investment Fund loans and in whether an investment decision is agreed.

### **Liquidity Risk**

The Combined Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Combined Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Combined Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Combined Authority sets limits on the proportion of its fixed rate borrowing during specified periods. The strategy is to ensure maturing loans may be replaced through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. The maturity analysis of financial liabilities is as follows:

|                        | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|------------------------|-----------------------------------|-----------------------------------|
| Between 1 and 2 years  | (298)                             | (299)                             |
| Between 2 and 5 years  | (746)                             | (450)                             |
| Between 5 and 10 years | -                                 | -                                 |
| More than 10 years     | (74,722)                          | (75,108)                          |
|                        | <b>(75,766)</b>                   | <b>(75,858)</b>                   |
| Less than 1 year       | <b>(21,025)</b>                   | <b>(1,030)</b>                    |
| <b>Total Borrowing</b> | <b>(96,791)</b>                   | <b>(76,888)</b>                   |

All trade and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Combined Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Combined Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise,
- Borrowings at fixed rates - the fair value of liabilities will fall,
- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise,
- Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Combined Authority has several strategies for managing interest rate risk. The policy is to ensure that the level of its borrowings in variable rate loans does not expose the portfolio to excessive movements in interest rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

**Interest rate sensitivity analysis:** an example of the impact of a change in interest rates is calculated in the risk assessment shown below. The assessment has been carried out assuming a 1% increase in interest rates (with all other variables such as principal and maturity

periods being held constant). The results of this assessment are shown in the following table:

|                                                                         | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|-------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Increase in interest payable on variable rate borrowing                 | (1,225)                           | (1,500)                           |
| Increase/(decrease) in interest receivable on variable rate investments | (371)                             | (693)                             |
| <b>Impact on the Surplus on Provision for Services</b>                  | <b>(1,596)</b>                    | <b>(2,193)</b>                    |

The increase in interest payable on variable rate borrowings is nil, because all NECA's borrowings, as related to JTC balances are at fixed rates. A decrease in the fair value of fixed rate borrowings liabilities would have no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. The impact of a 1% fall in interest rates would be as above, but with the movements being reversed. There have been no changes from the previous period in the methods and assumptions used.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be a decrease of £26.205m in the fair value of fixed rate borrowings, although this would not impact on the Surplus/Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

## 16. Short Term Debtors

|                                | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|--------------------------------|-----------------------------------|-----------------------------------|
| Central Government Bodies      | 2,633                             | 3,982                             |
| Other local authorities        | 7,563                             | 8,439                             |
| NHS Bodies                     | -                                 | -                                 |
| Other Entities and Individuals | 2,106                             | 1,933                             |
| <b>Total</b>                   | <b>12,302</b>                     | <b>14,354</b>                     |

## 17. Long Term Debtors

|                                        | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|----------------------------------------|-----------------------------------|-----------------------------------|
| Local Enterprise Partnership Loans     | 19,278                            | 26,083                            |
| North of Tyne Combined Authority Loans | -                                 | 8,100                             |
| Nexus borrowing                        | 14,470                            | 13,935                            |
| <b>Total</b>                           | <b>33,748</b>                     | <b>48,118</b>                     |



## 18. Cash and Cash Equivalents

Cash held by the Combined Authority  
Cash equivalents  
**Total**

| 31 March<br>2022<br>£000 | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------|
| 22,590                   | 31,004                   |
| 12,304                   | 14,132                   |
| <b>34,894</b>            | <b>45,136</b>            |

## 19. Short Term Creditors

Central Government Bodies  
Other Local Authorities  
Other Entities and Individuals  
**Total**

| 31 March<br>2022<br>£000 | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------|
| (289)                    | (201)                    |
| (7,774)                  | (22,330)                 |
| (55,004)                 | (55,504)                 |
| <b>(63,067)</b>          | <b>(78,035)</b>          |

## 20. Private Finance Initiatives and Similar Contracts

In November 2007, the then Tyne & Wear Passenger Transport Authority entered into a 30-year contract with TT2 Ltd to construct a second vehicle tunnel under the River Tyne, refurbish the existing Tyne Tunnel and operate both vehicle tunnels alongside the pedestrian and cycle tunnels for the life of the contract. The second tunnel was opened 25 February 2011, and the refurbished original tunnel opened 21 November 2011. Both are included on the public sector Balance Sheet.

In 2022/23 the total payment under the contract was £24.555m (2021/22 £20.012m) of which £13.511m is shown in the accounts of the North East Combined Authority and the remaining £11.044m being shown in the accounts of the Combined Authority.

The contribution to the capital works by the private sector partner is recognised as a deferred income balance with a 2022/23 total value of £76.384m (2021/22 £81.476m), of which £42.030m is shown in the NECA accounts with the remaining £34.354m being shown in the NTCA Balance sheet. The table below shows an analysis of the Combined Authority's deferred income balances.

Payable in 2022/23  
Payable within 2 to 5 years  
Payable within 6 to 10 years  
Payable within 11 to 15 years  
Payable within 16 to 20 years  
**Total**

| Deferred Income<br>Release |                 |
|----------------------------|-----------------|
| 2021/22<br>£000            | 2022/23<br>£000 |
| (2,278)                    | (2,290)         |
| (9,115)                    | (9,161)         |
| (11,392)                   | (11,451)        |
| (11,392)                   | (11,451)        |
| (2,278)                    | -               |
| <b>(36,455)</b>            | <b>(34,353)</b> |

### Payments

Payments made by the Combined Authority to TT2 Ltd are based on actual traffic volumes using the tunnel and so will vary from year to year.

## 21. Defined Benefits Pension Scheme

The Combined Authority currently participates in one post-employment scheme:

- Tyne and Wear Pension Fund administered locally by South Tyneside Council. This is a funded, defined benefit scheme, meaning that the Combined Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investments.

The Tyne & Wear Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme. The governance of the scheme is the responsibility of the Fund's Pension Committee which consists of eight members from South Tyneside Council (which has legal responsibility for the Fund), four members from the other councils in Tyne & Wear, and three members each nominated by the trade unions and the employers. During 2017/18, the Fund, along with eleven other funds, created and now owns a Financial Conduct Authority (FCA) regulated investment management company called Border to Coast Pensions Partnership Limited.

### Amounts recognised in Profit and Loss and Other Comprehensive Income

| Comprehensive Income & Expenditure Statement                                                 | LGPS            |                 |
|----------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                              | 2021/22<br>£000 | 2022/23<br>£000 |
| <b>Cost of Services</b>                                                                      |                 |                 |
| Current Service Costs                                                                        | 1,930           | 2,200           |
| Past Service Costs                                                                           | -               | -               |
| Settlement Costs                                                                             | -               | 16              |
| <b>Financing and Investment Income and Expenditure</b>                                       |                 |                 |
| Interest on net defined benefit asset                                                        | 102             | 104             |
| <b>Total Post Employment Benefit Charged to the Surplus on the Provision of Services</b>     | <b>2,032</b>    | <b>2,320</b>    |
| Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement: |                 |                 |
| Return on plan assets (excluding the amount included in the net interest expense)            | (4,622)         | 413             |
| Actuarial gains due to changes in financial assumptions                                      | (1,836)         | (8,295)         |
| Actuarial gains due to changes in demographic assumptions                                    | (103)           | -               |
| Actuarial losses due to changes in liability assumptions                                     | 3,838           | 1,208           |
| <b>Total Amount recognised in Other Comprehensive Income &amp; Expenditure</b>               | <b>(2,723)</b>  | <b>(6,674)</b>  |
| <b>Total amount recognised in the CIES</b>                                                   | <b>(691)</b>    | <b>(4,354)</b>  |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Reconciliation of the Fair Value of the Scheme Assets

|                                            | LGPS            |                 |
|--------------------------------------------|-----------------|-----------------|
|                                            | 2021/22<br>£000 | 2022/23<br>£000 |
| <b>Opening fair value of scheme assets</b> | <b>6,214</b>    | <b>11,831</b>   |
| Interest Income                            | 140             | 329             |
| Remeasurement gain on plan assets          | 4,622           | (413)           |
| Employer contributions                     | 263             | 305             |
| Contributions by scheme participants       | 388             | 441             |
| Net Benefits paid out                      | 204             | (85)            |
| Settlements                                | -               | -               |
| <b>Closing fair value of scheme assets</b> | <b>11,831</b>   | <b>12,408</b>   |

### Reconciliation of present value of the scheme liabilities

|                                                           | LGPS            |                 |
|-----------------------------------------------------------|-----------------|-----------------|
|                                                           | 2021/22<br>£000 | 2022/23<br>£000 |
| <b>Opening balance at 1 April</b>                         | <b>11,201</b>   | <b>15,864</b>   |
| Current Service Cost                                      | 1,930           | 2,200           |
| Interest expense on defined benefit obligation            | 242             | 433             |
| Contributions by participants                             | 388             | 441             |
| Actuarial losses on liabilities – financial assumptions   | (1,836)         | (8,295)         |
| Actuarial losses on liabilities – demographic assumptions | (103)           | -               |
| Actuarial gains on liabilities – experience               | 3,838           | 1,208           |
| Net benefits paid                                         | 204             | (85)            |
| Past service costs                                        | -               | 16              |
| Net Increase in liabilities from disposals/acquisitions   | -               | -               |
| Settlements                                               | -               | -               |
| <b>Closing balance at 31 March</b>                        | <b>15,864</b>   | <b>11,782</b>   |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Scheme History

#### Fair Value of LGPS Assets

Present value of LGPS liabilities

- Funded Defined Benefit Obligation

#### Surplus/(Deficit) on funded defined benefit scheme

Unrecognised Asset

#### Total Asset/(Liability) shown on Balance Sheet

| 2021/22<br>£000 | 2022/23<br>£000 |
|-----------------|-----------------|
| 11,831          | 12,408          |
| (15,864)        | (11,782)        |
| (4,033)         | 626             |
| -               | -               |
| (4,033)         | 626             |

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

|                     | NTCA |
|---------------------|------|
| Active members      | 95%  |
| Deferred pensioners | 4%   |
| Pensioners          | 1%   |

The liabilities show the underlying commitments that the Combined Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £11.782m has an impact on the net worth of the Combined Authority recorded on the balance sheet, resulting in a positive pension balance of £0.626m. However, statutory arrangements for funding any deficit mean that the financial position of the Combined Authority remains healthy:

- Any deficit on the local government scheme will be made good by contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- The total contributions expected to be made to the Local Government Pension Scheme by the Combined Authority in the year to 31 March 2024 is £0.294m. In addition, strain on the fund contributions may be required. Expected payments direct to beneficiaries in the year to 31 March 2024 are nil in relation to unfunded benefits.

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme have been estimated by Aon, an independent firm of actuaries, estimates for the pension fund being based on the latest full valuation of the scheme as at 31 March 2022.

A small proportion (9.0%) of the Pension Fund's investments are in direct property valuations and pooled residential property funds. The impact of Covid 19 has resulted in a significant reduction in the number of transactions in the market and consequently the relevant observable data available upon which to base a valuation judgement. As such, the Pension Fund's property investment manager has included a material valuation uncertainty clause in some of their valuation reports due to the possible impact of Covid 19. Therefore, there is less certainty, and a higher degree of caution should be attached to the valuations of those unquoted assets than would normally be the case. There is a risk that current valuations may be under or overstated in the accounts. The weighted average duration of the defined benefit obligation for scheme members is 25.2 years.

The principal assumptions used by the actuary have been:

|                                                      | Local Government |               |
|------------------------------------------------------|------------------|---------------|
|                                                      | 31 March 2022    | 31 March 2023 |
| <b>Mortality assumptions:</b>                        |                  |               |
| Pensioner member aged 65 at accounting date (male)   | 21.5             | 21.6          |
| Pensioner member aged 65 at accounting date (female) | 24.5             | 24.6          |
| Active member aged 45 at accounting date (male)      | 22.8             | 22.9          |
| Active member aged 45 at accounting date (female)    | 26.0             | 26.1          |
| <b>Rate for discounting scheme liabilities:</b>      | % per annum      | % per annum   |
| Discount Rate                                        | 2.7              | 4.6           |
| Rate of inflation – Consumer Price Index             | 2.8              | 2.6           |
| Rate of increase in pensions                         | 2.8              | 2.6           |
| Pensions accounts revaluation rate                   | 2.8              | 2.6           |
| Rate of increase in salaries                         | 4.3              | 4.1           |

The approximate split of assets for the Fund as a whole is shown in the table below:

|                    | 31 March 2022 | Asset Split 31 March 2023 |          |       |
|--------------------|---------------|---------------------------|----------|-------|
|                    | % Total       | Quoted                    | Unquoted | Total |
| Equities           | 57.0          | 40.1                      | 11.1     | 51.2  |
| Property           | 8.4           | 0.0                       | 10.5     | 10.5  |
| Government Bonds   | 2.0           | 1.3                       | 0.0      | 1.3   |
| Corporate Bonds    | 18.8          | 19.5                      | 0.0      | 19.5  |
| Multi Asset Credit | 0.0           | 4.5                       | 0.0      | 4.5   |
| Cash               | 1.8           | 1.8                       | 0.0      | 1.8   |
| Other*             | 12.0          | 0.0                       | 11.2     | 11.2  |
| Total Assets       | 100.0         | 67.2                      | 32.8     | 100.0 |

\*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

#### Actual Return on Assets

|                                     | Local Government |                 |
|-------------------------------------|------------------|-----------------|
|                                     | 2021/22<br>£000  | 2022/23<br>£000 |
| Interest Income on Assets           | 140              | 329             |
| Remeasurement gain (loss) on assets | 4,622            | (413)           |
| <b>Actual Return on Assets</b>      | <b>4,762</b>     | <b>(84)</b>     |

## Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

|                                                | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Discount rate assumption</b>                |                                |                        |                                |
| <b>Adjustment to discount rate</b>             |                                |                        |                                |
| Present value of total obligation (£M)         | 11.487                         | 11.782                 | 12.088                         |
| % change in present value of total obligation  | 2.5%                           |                        | (2.6)%                         |
| Projected service cost (£M)                    | 0.986                          | 0.986                  | 1.033                          |
| Approximate % change in projected service cost | (4.7%)                         |                        | 4.8%                           |

|                                                | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Rate of general increase in salaries</b>    |                                |                        |                                |
| <b>Adjustment to salary increase rate</b>      |                                |                        |                                |
| Present value of total obligation (£M)         | 11.829                         | 11.782                 | 11.735                         |
| % change in present value of total obligation  | 0.4%                           |                        | (0.4)%                         |
| Projected service cost (£M)                    | 0.986                          | 0.986                  | 0.986                          |
| Approximate % change in projected service cost | 0.0%                           |                        | 0.0%                           |

|                                                                                                                                         | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption</b> |                                |                        |                                |
| <b>Adjustment to pension increase rate</b>                                                                                              |                                |                        |                                |
| Present value of total obligation                                                                                                       | 12.029                         | 11.782                 | 11.535                         |
| % change in present value of total obligation                                                                                           | 2.1%                           |                        | (2.1)%                         |
| Projected service cost (£M)                                                                                                             | 1.033                          | 0.986                  | 0.940                          |
| Approximate % change in projected service cost                                                                                          | 4.8%                           |                        | (4.7)%                         |

| <b>Post retirement mortality assumption</b>            | <b>-1 year</b> | <b>Base Figure</b> | <b>+1 year</b> |
|--------------------------------------------------------|----------------|--------------------|----------------|
| <b>Adjustment to mortality age rating assumption *</b> |                |                    |                |
| Present value of total obligation (£M)                 | 12.088         | 11.782             | 11.476         |
| % change in present value of total obligation          | 2.6%           |                    | (2.6)%         |
| Projected service cost (£M)                            | 1.023          | 0.986              | 0.949          |
| Approximate % change in projected service cost         | 3.8%           |                    | (3.8)%         |

\*a rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

## 22. Usable Reserves

|                                  | <b>Note</b> | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|----------------------------------|-------------|-----------------------------------|-----------------------------------|
| General Fund Balance             | 23          | (7,064)                           | (6,544)                           |
| Earmarked Reserves               | 23          | (112,484)                         | (150,035)                         |
| Capital Receipts Reserve         |             | (471)                             | (471)                             |
| Capital Grants Unapplied Reserve |             | (58,470)                          | (76,174)                          |
| <b>Total Usable Reserves</b>     |             | <b>(178,489)</b>                  | <b>(233,224)</b>                  |

Earmarked Reserves are amounts which the Combined Authority has chosen to set aside from the General Fund Balance to be used for specific purposes.

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Combined Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

## 23. Transfers (to)/from Earmarked Reserves

|                                     | Balance<br>1 April<br>2021/22<br>£000 | Transfers<br>out<br>2021/22<br>£000 | Transfers<br>in<br>2021/22<br>£000 | Balance<br>1 April<br>2022<br>£000 | Transfers<br>out<br>2022/23<br>£000 | Transfers<br>in<br>2022/23<br>£000 | Balance<br>31 March<br>2023<br>£000 |
|-------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|------------------------------------|-------------------------------------|------------------------------------|-------------------------------------|
| <b>General Fund Balances</b>        | <b>(6,186)</b>                        | -                                   | <b>(879)</b>                       | <b>(7,065)</b>                     | <b>1,333</b>                        | <b>(812)</b>                       | <b>(6,544)</b>                      |
| <b>General Fund Reserves</b>        |                                       |                                     |                                    |                                    |                                     |                                    |                                     |
| Investment Fund Reserve             | (50,130)                              | -                                   | (4,462)                            | (54,591)                           | 4,545                               | -                                  | (50,046)                            |
| JTC Revenue Grants unapplied        | -                                     | -                                   | -                                  | -                                  | -                                   | (38,412)                           | (38,412)                            |
| EZ Reserve                          | (9,190)                               | 163                                 | (1,366)                            | (10,394)                           | 2,963                               | -                                  | (7,431)                             |
| UK Social Prosperity Fund Reserve   | -                                     | -                                   | -                                  | -                                  | -                                   | (3,950)                            | (3,950)                             |
| Metro Fleet Replacement             | (4,511)                               | -                                   | (9)                                | (4,520)                            | -                                   | (89)                               | (4,584)                             |
| Metro Reinvigoration Res            | (4,130)                               | 272                                 | -                                  | (3,834)                            | -                                   | (71)                               | (3,905)                             |
| Tyne Tunnel Reserve                 | (3,491)                               | -                                   | -                                  | (3,491)                            | 3,491                               | -                                  | -                                   |
| LGF SWAP Reserve                    | (9,808)                               | 594                                 | (336)                              | (9,549)                            | 9,549                               | -                                  | -                                   |
| LEP General reserves                | (119)                                 | 70                                  | (427)                              | (475)                              | -                                   | (201)                              | (676)                               |
| GBF Reserve                         | -                                     | -                                   | (17,627)                           | (17,627)                           | 16,237                              | -                                  | (1,390)                             |
| Bootcamp Wave 3                     | -                                     | -                                   | -                                  | -                                  | -                                   | (1,134)                            | (1,134)                             |
| Strategic Capacity Reserve          | -                                     | -                                   | -                                  | -                                  | -                                   | (800)                              | (800)                               |
| Transport Devolution                | -                                     | -                                   | -                                  | -                                  | -                                   | (1,157)                            | (1,157)                             |
| Recovery Contingency Fund           | -                                     | -                                   | (452)                              | (452)                              | -                                   | -                                  | (452)                               |
| Create Growth Programme Reserve     | -                                     | -                                   | -                                  | -                                  | -                                   | (425)                              | (425)                               |
| Strategic Reserve                   | (200)                                 | -                                   | -                                  | (200)                              | -                                   | -                                  | (200)                               |
| Net Zero North East England Reserve | -                                     | -                                   | -                                  | -                                  | -                                   | (151)                              | (151)                               |
| DFE Funding                         | (206)                                 | 206                                 | (159)                              | (159)                              | 41                                  | -                                  | (118)                               |
| Community Renew Fund                | -                                     | -                                   | (931)                              | (931)                              | 931                                 | -                                  | -                                   |
| NEIF Reserve                        | (920)                                 | 691                                 | (410)                              | (639)                              | -                                   | (11,517)                           | (12,156)                            |
| DLUHC Capital Grant                 | -                                     | -                                   | -                                  | -                                  | -                                   | (12,302)                           | (12,302)                            |
| Adult Education Reserve             | (1,477)                               | 1,477                               | (3,459)                            | (3,459)                            | -                                   | (5,301)                            | (8,760)                             |
| Brownfield Housing Revenue Reserve  | -                                     | -                                   | (31)                               | (31)                               | -                                   | (6)                                | (37)                                |
| Metro Studies                       | (336)                                 | -                                   | (217)                              | (583)                              | 98                                  | -                                  | (485)                               |
| Bus Project                         | (223)                                 | -                                   | -                                  | (242)                              | 15                                  | -                                  | (227)                               |
| North East Ambition Reserve         | (301)                                 | 301                                 | (486)                              | (486)                              | 486                                 | (341)                              | (341)                               |
| CEC Enterprise Advisor              | (290)                                 | 290                                 | (290)                              | (290)                              | 290                                 | (129)                              | (129)                               |
| Reserves (balances < £0.1m)         | (676)                                 | 607                                 | (473)                              | (556)                              | 380                                 | (590)                              | (767)                               |
| <b>Total Earmarked Reserves</b>     | <b>(86,007)</b>                       | <b>4,672</b>                        | <b>(31,149)</b>                    | <b>(112,485)</b>                   | <b>39,026</b>                       | <b>(76,576)</b>                    | <b>(150,035)</b>                    |
| <b>Total Balances and Reserves</b>  | <b>(92,192)</b>                       | <b>4,672</b>                        | <b>(32,029)</b>                    | <b>(119,550)</b>                   | <b>40,359</b>                       | <b>(77,388)</b>                    | <b>(156,579)</b>                    |



## 24. Unusable Reserves

|                                          | <b>31 March<br/>2022<br/>£000</b> | <b>31 March<br/>2023<br/>£000</b> |
|------------------------------------------|-----------------------------------|-----------------------------------|
| Capital Adjustment Account               | (60,671)                          | (62,276)                          |
| Financial Instruments Adjustment Account | 3,544                             | (1,836)                           |
| Revaluation Reserve                      | (3,513)                           | (3,466)                           |
| Accumulated Absences Account             | 405                               | 202                               |
| Pension Reserve                          | 4,033                             | (626)                             |
| <b>Total Unusable Reserves</b>           | <b>(56,202)</b>                   | <b>(68,002)</b>                   |

### Capital Adjustment Account

The Capital Adjustment Account (CAA) absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The CAA is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The CAA is credited with the amounts set aside by the Combined Authority as finance for the costs of acquisition, construction and enhancement. The CAA also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. The Adjustments between Accounting Basis and Funding Basis under Regulations Statement (Note 4) provides details of the source of all the transactions posted to the CAA, apart from those involving the Revaluation Reserve.

|                                                                                                 | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|-------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| <b>Opening Balance 1 April</b>                                                                  | (58,876)                | (60,671)                |
| <b>Reversal of items relating to capital expenditure debited or credited to the CIES:</b>       |                         |                         |
| Charges for depreciation & impairment of non-current assets                                     | 1,931                   | 1,938                   |
| Write down of New Tyne Crossing deferred income balance                                         | (2,278)                 | (2,290)                 |
| Revenue expenditure funded from capital under statute                                           | 47,989                  | 50,986                  |
| Write down of long-term debtors                                                                 | 654                     | 633                     |
| Adjusting amounts written out of the Revaluation Reserve                                        | (49)                    | (47)                    |
| <b>Capital financing applied in the year:</b>                                                   |                         |                         |
| Capital grants & contributions credited to the CIES that have been applied to capital financing | (39,812)                | (51,196)                |
| Statutory provision for the financing of capital investment charged against the General Fund    | (804)                   | (832)                   |
| Use of the Capital Receipts Reserve to finance new capital expenditure                          | (8,418)                 | -                       |
| Capital expenditure charged against the General Fund                                            | (354)                   | (164)                   |
| Debt redeemed using capital receipts                                                            | (654)                   | (633)                   |
| <b>Balance at 31 March</b>                                                                      | <b>(60,671)</b>         | <b>(62,276)</b>         |

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. It provides a balancing mechanism between the different rates at which gains and losses (e.g., premiums on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.

|                                                                                                                                              | 2021/22<br>£000 | 2022/23<br>£000 |
|----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Opening Balance 1 April</b>                                                                                                               | 2,554           | 3,544           |
| Transfer of balance from North East Combined Authority 1 April                                                                               | -               | -               |
| Proportion of premiums incurred in previous financial years to be charged against the General Fund in accordance with statutory requirements | 990             | (5,380)         |
| <b>Balance at 31 March</b>                                                                                                                   | <b>3,544</b>    | <b>(1,836)</b>  |

## Revaluation Reserve

The Revaluation Reserve (RR) contains the gains made by the Combined Authority arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The RR contains only revaluation gains accumulated since 1 April 2007, the date on which the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the CAA.

|                                                                                                                           | 2021/22<br>£000 | 2022/23<br>£000 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Balance at 1 April</b>                                                                                                 | (3,562)         | (3,513)         |
| Difference between fair value depreciation and historical cost depreciation written off to the Capital Adjustment Account | 49              | 47              |
| <b>Balance at 31 March</b>                                                                                                | <b>(3,513)</b>  | <b>(3,466)</b>  |

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

**Balance at 1 April**

Adjustment to the accrual required  
 Adjustment to the debtor in respect of leave taken in advance

Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

**Balance at 31 March**

| 2021/22<br>£000 | 2022/23<br>£000 |
|-----------------|-----------------|
| 556             | 405             |
| (151)           | (203)           |
| (151)           | (203)           |
| <b>405</b>      | <b>202</b>      |

**Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Combined Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Combined Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Combined Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

**Balance at 1 April**

Remeasurements of the net defined benefit liability/(asset)

Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the CIES

Employer's pension contributions and direct payments to pensioners payable in the year

Interest expense on net defined liability/(asset)

**Balance at 31 March**

| 2021/22<br>£000 | 2022/23<br>£000 |
|-----------------|-----------------|
| 4,987           | 4,033           |
| (2,723)         | (6,674)         |
| 1,930           | 2,216           |
| (263)           | (305)           |
| 102             | 104             |
| <b>4,033</b>    | <b>(626)</b>    |

## 25. Capital Expenditure and Capital Financing

|                                                                                        | 2021/22<br>£000 | 2022/23<br>£000 |
|----------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Opening Capital Financing Requirement</b>                                           | <b>81,649</b>   | <b>79,951</b>   |
| <b>Capital Investment</b>                                                              |                 |                 |
| Property, Plant and Equipment                                                          | 354             | 158             |
| Revenue Expenditure Funded from Capital Under Statute                                  | 47,989          | 50,986          |
| <b>Sources of Finance</b>                                                              |                 |                 |
| Government Grants and Other Contributions                                              | (39,812)        | (51,196)        |
| Capital Receipts                                                                       | (9,071)         | (633)           |
| <b>Sums set aside from revenue</b>                                                     |                 |                 |
| Direct Revenue Contributions                                                           | (354)           | -               |
| Minimum Revenue Provision                                                              | (232)           | (832)           |
| Additional Voluntary Provision                                                         | (572)           | -               |
| <b>Closing Capital Financing Requirement</b>                                           | <b>79,951</b>   | <b>78,434</b>   |
| Decrease in underlying need to borrow (unsupported by Government financial assistance) | (1,698)         | (1,517)         |
| <b>Decrease in Capital Financing Requirement</b>                                       | <b>(1,698)</b>  | <b>(1,517)</b>  |

## 26. Adjustments to net surplus or deficit on the provision of services for non-cash movements and items that are Investing or Financing activities

|                                                                                                                                   | 2021/22<br>£000 | 2022/23<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| Surplus on the provision of services                                                                                              | <b>53,254</b>   | <b>59,861</b>   |
| <b>Adjustments to Surplus on Provision of Services for Non-Cash Movements</b>                                                     |                 |                 |
| Depreciation and Impairment                                                                                                       | 1,931           | 1,938           |
| Increase/(Decrease) in Creditors                                                                                                  | 11,446          | 12,725          |
| (Increase)/Decrease in Debtors                                                                                                    | (6,247)         | (13,997)        |
| Movement in Pension Liability                                                                                                     | 1,769           | 2,015           |
| Other non-cash items charged to the surplus on the provision of services                                                          | (3,425)         | (2,291)         |
|                                                                                                                                   | 5,474           | 390             |
| <b>Adjustments for items included in the net surplus on the Provision of Services that are investing and financing activities</b> |                 |                 |
| Capital grants credited to surplus on provision of services                                                                       | (83,408)        | (68,900)        |
| <b>Net Cash Flow from Operating Activities</b>                                                                                    | <b>(24,680)</b> | <b>(8,649)</b>  |

The cash flows for operating activities include the following items

|                   | 2021/22<br>£000 | 2022/23<br>£000 |
|-------------------|-----------------|-----------------|
| Interest Received | 1,049           | 146             |
| Interest Paid     | (4,561)         | (4,844)         |

## 27. Cash Flow Statement – Investing Activities

|                                                                                    | 2021/22<br>£000 | 2022/23<br>£000 |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| Purchase of Property, Plant & Equipment, investment property and intangible assets | (1,041)         | (947)           |
| Purchase of short- and long-term investments                                       | (259,532)       | (292,072)       |
| Proceeds from short-term and long-term investments                                 | 199,441         | 288,351         |
| Other receipts from Investing Activities                                           | 81,438          | 43,273          |
| <b>Net Cash Flows from Investing Activities</b>                                    | <b>20,306</b>   | <b>38,605</b>   |

## 28. Cash Flow Statement – Financing Activities

|                                                 | 2021/22<br>£000 | 2022/23<br>£000 |
|-------------------------------------------------|-----------------|-----------------|
| Repayment of short and long-term borrowing      | 213             | (19,714)        |
| <b>Net Cash Flows from Financing Activities</b> | <b>213</b>      | <b>(19,714)</b> |

## 29. Reconciliation of liabilities arising from Financing Activities

|                                                                | 1 April<br>2022<br>£000 | Financing<br>Cash<br>Flows<br>£000 | Changes which are<br>not financing cash<br>flows |               | 31<br>March<br>2023<br>£000 |
|----------------------------------------------------------------|-------------------------|------------------------------------|--------------------------------------------------|---------------|-----------------------------|
|                                                                |                         |                                    | Acquisition<br>£000                              | Other<br>£000 |                             |
| Long Term Borrowings                                           | (75,766)                | (92)                               | -                                                | -             | (75,858)                    |
| Short Term Borrowings                                          | (21,025)                | 20,000                             | -                                                | (5)           | (1,030)                     |
| <b>Total Liabilities arising from<br/>Financing Activities</b> | <b>(96,791)</b>         | <b>19,908</b>                      | <b>-</b>                                         | <b>(5)</b>    | <b>(76,888)</b>             |

|                                                                | 1 April<br>2021<br>£000 | Financing<br>Cash<br>Flows<br>£000 | Changes which are<br>not financing cash<br>flows |               | 31<br>March<br>2022<br>£000 |
|----------------------------------------------------------------|-------------------------|------------------------------------|--------------------------------------------------|---------------|-----------------------------|
|                                                                |                         |                                    | Acquisition<br>£000                              | Other<br>£000 |                             |
| Long Term Borrowings                                           | (75,724)                | (42)                               | -                                                | -             | (75,766)                    |
| Short Term Borrowings                                          | (21,023)                | -                                  | -                                                | (2)           | (21,025)                    |
| <b>Total Liabilities arising from<br/>Financing Activities</b> | <b>(96,747)</b>         | <b>(42)</b>                        | <b>-</b>                                         | <b>(2)</b>    | <b>(96,791)</b>             |

## 30. Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 has introduced changes in accounting policy which will be required from 1 April 2022 and may require retrospective application. The accounting policies have been reviewed and it has been concluded that the changes will not have a material impact on the Statement of Accounts.

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year. There have been no changes in accounting policies introduced by the Combined Authority in 2022/23.

The standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).
- Annual Improvements to IFRS Standards 2018-2020. The Annual IFRS improvement programme notes 4 changed standards:
  - o IFRS1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
  - o IAS37 (Onerous contracts) – clarifies the intention of the standard
  - o IFRS16 (Leases) – amendment removes a misleading example that is not referenced in the Code material
  - o IAS41 (Agriculture) one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code. During the consultation process on the 2022/23 Code CIPFA did not envisage them having a significant effect on local authority financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS16)

## 31. Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in these accounts, the Combined Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

### Service Concession Arrangements

The Code requires arrangements where private sector contractors provide a service for a period using a dedicated asset to be assessed under an application of the principles within IFRIC12. There are two criteria used to determine whether arrangements fall under the scope of IFRIC12:

- The public sector entity controls or regulates the services that the operator must provide with the infrastructure, to whom it must provide them, and at what price.
- The public sector entity controls, through ownership, beneficial entitlement or otherwise, any

significant residual interest in the infrastructure at the end of the service arrangement.

For arrangements falling under the scope of IFRIC 12, the public sector entity will recognise the cost of the Property, Plant and Equipment underlying the service concession as a tangible fixed asset. The New Tyne Crossing concession has been judged to meet both of the IFRIC 12 criteria and, accordingly, the cost of the new Tunnel and the refurbishment of the existing Tunnel are recorded within the Combined Authority's Property, Plant and Equipment on the Balance Sheet.

#### Transferred assets and liabilities in Local Government Pension Scheme transferred to TT2 Ltd

Assets and liabilities relating to membership accrued before 1 February 2008 transferred to TT2 Ltd on commencement of the concession agreement. The project agreement provides that should there be a shortfall in the TT2 fund at the actuarial valuation, which can be attributed to pre-2008 benefits, the Combined Authority will be required to reimburse the shortfall. As a result of the most recent triennial valuation, there is currently no reimbursement due.

#### Accounting for the North East Joint Transport Committee

As set out in Note 1, on 2 November 2018 the boundaries of NECA changed and the North East Joint Transport Committee was created. The assets and liabilities which transferred from the former Tyne and Wear Integrated Transport Authority to NECA on its creation in April 2014 are now jointly owned by NECA and NTCA, and assets, liabilities, income and expenditure (from the date of establishment) must be divided between the accounts of the two Combined Authorities.

For many of the assets and liabilities and revenue streams, these cannot be separated into those which relate to the authorities which are part of NECA and those which relate to the authorities which are part of NTCA. As a result, these balances have been apportioned between the two Combined Authorities on the basis of Tyne and Wear population.

## **32. Assumptions made about the future and other major sources of estimation uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Combined Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Combined Authority's Balance Sheet at 31 March 2023 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

| <b>Item</b>        | <b>Uncertainties</b>                                                                                                                                                                                                                                            | <b>Effect if actual results differ from assumptions</b>                                                                                                                                                                                                 |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on |

|                               |                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                               | <p>fund assets. A firm of consulting actuaries is engaged to provide the Combined Authority with expert advice about the assumptions to be applied.</p> | <p>pension fund assets.</p> <p>The Pension Fund engages a firm of specialist actuaries to provide the Combined Authority with expert advice about the assumptions to be applied. See Note 21 Defined Benefits Pension Scheme for details of sensitivity analysis of the estimations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p>Fair Value Measurement</p> | <p>Estimation of the fair value measurement depends on a number of complex judgements</p>                                                               | <p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e., Level 1 inputs), their fair value is measured using valuation techniques (e.g., quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. The significant unobservable inputs used in the fair value measurement include management assumptions regarding discount rates – adjusted for regional factors.</p> |
| <p>Debtors Arrears</p>        | <p>Calculation of bad debt provision</p>                                                                                                                | <p>At 31 March 2023, the Combined Authority had a gross debtors balance of £17.056m. A review of significant balances suggested that an impairment of doubtful debts of £2.703m was appropriate leaving a net balance of 14.353m. However, in the current economic climate there is an inherent risk that such an impairment allowance would not be sufficient.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



## 33. Accounting Policies

### 1. General Principles

The Statement of Accounts summarises the Combined Authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Combined Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with property accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Code requires that a Local Authority's Statement of Accounts is prepared on a 'going concern' basis, that is, the accounts are based on the assumption that the Combined Authority will continue in operational existence for the foreseeable future.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Combined Authority transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.
- Revenue from the provision of services is recognised when the Combined Authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Combined Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payments on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where

debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. The Combined Authority has a policy of not accruing for manual sundry creditors or sundry debtors' provision for less than £1,000, other than in exceptional circumstances.

### **3. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Combined Authority's cash management.

### **4. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and,
- Amortisation of intangible fixed assets attributable to the service.

The Combined Authority is not required to raise the levy to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Combined Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **5. Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Combined Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Combined Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There are no contingent liabilities disclosed in 2022/23.

### **6. Employee Benefits**

#### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and

non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Combined Authority.

An accrual is made for the cost of holiday entitlements (or any form of leave e.g., time off in lieu, flexi balances) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts which would be payable as a result of a decision by the Combined Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Corporate Costs line in the CIES when the Combined Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Combined Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## **7. Events after the Balance Sheet Date**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## **8. Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the Accounts, depending on how significant the items are to an understanding of the Combined Authority's financial performance.

## 9. Fair Value measurement

The Combined Authority measures some of its non-financial assets such as surplus assets, assets held for sale and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Combined Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Combined Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Combined Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Combined Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Combined Authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3 – unobservable inputs for the asset or liability.

## 10. Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Combined Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Combined Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of the financial instrument and are classified into three types using an approach that is based on the business model for holding the financial assets and their cashflow characteristics.

- Amortised Cost – assets held within a business model with the sole objective of collecting contractual cash flows on specified dates that are solely payments of principal and interest.
- Fair value through other comprehensive income (FVOCI) – assets held within a business model with the objective to either sell the asset or collect contractual cash flows on specified dates that are solely payments of principal and interest; and,
- Fair value through profit and loss (FVPL) – objectives are achieved by any other means than collecting contractual cash flows.

The Combined Authority can at initial recognition of the asset override the above classifications in the following circumstances and the decision is irrevocable:

- An equity instrument can be elected into FVOCI rather than FVPL if it is not held for trading.
- Any financial asset can be designated as measured at FVPL if this removes any deemed inconsistency in measurement by treating assets based upon the above classification.

### Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual

creditors to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Combined Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Combined Authority can make loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of the soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to net gain required against the General Fund Balance is managed by a transfer to for from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Expected Credit Loss Model

The Combined Authority recognises expected credit losses on all its financial assets held at amortised cost, either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cashflows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since and instrument was initially recognised, losses are assessed on a lifetime basis expected losses. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

#### Fair Value through other Comprehensive Income

Changes in fair value are recorded against Other Comprehensive Income and Expenditure gain/loss by an entry in the Financial Instrument Revaluation Reserve through the Movement in Reserves Statement.

However, interest is charged to the Surplus/Deficit on the Provision of Services as though the asset had been measured at amortised cost

Where assets are identified as impaired because of a likelihood arising from a future event that cashflows due under the contract will not be made, a charge for the value of the impairment is made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement with a corresponding entry being recognised in Other Comprehensive Income through the Financial Instruments Revaluation Reserve on the Balance Sheet.

When the asset is de-recognised the cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the Financial Instrument Revaluation Reserve to the Surplus/Deficit on the Provision of Services as a reclassification adjustment.

#### Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Combined Authority becomes a party to the contractual provisions of a financial instrument and are

initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Combined Authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **11. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third- party contributions and donations are recognised as due to the Combined Authority when there is reasonable assurance that:

- The Combined Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Combined Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that the conditions attached to the grant or contribution will be satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions and capital grants used to fund Revenue Expenditure Financed from Capital Under Statute) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **12. Group Accounts**

NECA and the Combined Authority are required by the Code of Practice on Local Authority Accounting 2022/23 to produce Group Accounts to include services paid to Council Tax payers by organisations other than the Combined Authority itself in which the Combined Authority has an interest.

Although there has been no definitive ruling by CIPFA or central government in relation to Combined Authorities and Passenger Transport Executives, it is recognised that the accounts of Nexus fall within the definition of a subsidiary. As such, group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Combined Authority and Nexus. Nexus has been incorporated as a subsidiary, whereby the accounts of the two organisations are combined and any intra-group transactions are cancelled out.

For the 2022/23 accounts, NECA and the Combined Authority have fully complied with the requirements of the Code, providing group figures for 2022/23 and comparators for 2021/22. From 2010/11, Passenger Transport Executives have been required to produce their accounts under International Financial Reporting Standards, and as if the proper practices in relation to accounts applicable to a local authority were, so far as appropriate, applicable to an Executive. The group financial statements are prepared in accordance with the policies set out in the Statement of Accounting Policies above.

## **13. Joint Transport Committee**

On 2 November 2018, the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) changed the boundaries of NECA and established the new Mayoral Combined Authority.

The reconfiguration of NECA has been classed as a transfer by absorption meaning:

- NECA has accounted for its control up to the date of the reconfiguration albeit with clear disaggregation of the financial results relating to the functions being transferred; and
- Assets and liabilities transferred at book value.

The Order establishing the NTCA also required the seven local authorities to establish the Joint Transport Committee (JTC). Under the CIPFA Code, the JTC meets the definition of a 'joint operation' which determines its accounting treatment. Where a Joint Committee is accounted for as a Joint Arrangement each Joint Operator (in this case NECA and NTCA) must account for their own share of the assets, liabilities, revenues and expenses held or incurred jointly in their own single entity financial statements.

In order to comply with CIPFA Code, NECA must:

- Split the revenues between that which relates to NECA and the Combined Authority. In this case the constitution of the JTC and its funding arrangements suggests that, in the first



instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to the Combined Authority), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and the Combined Authority).

- The revenues which relate to Tyne and Wear must then be divided into that which relates wholly to Newcastle and /or North Tyneside (allocated to the Combined Authority), that which relates wholly to Gateshead, South Tyneside and/or Sunderland (allocated to NECA) and that which relates to activities not wholly attributable under the preceding two points which requires apportionment.

The Order gives no clear instruction on the basis of division of revenues, but the Deed of Cooperation made on 4 July 2018 between the seven local authorities in the area provides that “those costs and liabilities which are attributable to the exercise of functions exclusively in the area of the Tyne and Wear Authorities shall be shared between the Tyne and Wear Authorities on a per capita basis relating to their resident populations at that time.”

By similar rationale and argument, the division of assets, liabilities and expenditure incurred will also be divided on this basis.

#### **14. Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

##### The Authority as Lessee

Rentals paid under operating leases are charge to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g., there is a rent-free period at the commencement of the lease).

#### **15. Overheads and Support Services**

The costs of overheads and support services e.g., Finance and Legal services are shown within the Corporate Costs line on the Comprehensive Income and Expenditure Statement on the basis of Service Level Agreements in accordance with the Combined Authority’s arrangements for accountability and financial performance and in accordance with guidance given by the Chartered Institute of Public Finance and Accountancy (CIPFA), this is also the case for NECA.

#### **16. Post-Employment Benefits**

The Combined Authority and NECA are members of the Local Government Pension Scheme, which provides members with defined benefits relating to pay and service. Its pension obligations relate primarily to former employees.

The relevant fund is the Tyne & Wear Pension Fund, administered by South Tyneside Metropolitan Borough Council, from whom a copy of the annual report may be obtained. The Fund website may be visited at [www.twpf.info](http://www.twpf.info).

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the pension fund attributable to the Combined Authority are included in the Balance Sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined annually, based on the indicative rate of return on high quality corporate bonds.
- The assets of the pension fund attributable to the Combined Authority are included in the Balance Sheet at their fair value:
  - Quoted securities at current bid price
  - Unquoted securities based on professional estimate
  - Unlisted securities at current bid price
  - Property at market value

The change in the net pension's liability is analysed into the following components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the Combined Authority and NECA Corporate Costs line.
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES as part of the Combined Authority and NECA Corporate Costs line.
- Net interest on the net defined liability i.e., net interest expense for the Combined Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Gains or losses on settlements and curtailments – the result of actions to relieve the Combined Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs
- Remeasurements comprising:
  - The return on plan assets, excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income & Expenditure; and

- Actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income & Expenditure
- Contributions paid to the pension fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Combined Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Further details are provided in Note 21 to the accounts.

### **17. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Combined Authority’s financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **18. Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual’s basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Combined Authority and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset’s potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

## Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs dismantling and removing the item and restoring the site on which it is located.

The Combined Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Combined Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Combined Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets– depreciated historical cost.
- Assets Under Construction – cost.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (EUV).

The following useful economic lives are used for PPE assets in relation to NECA: Tyne Tunnels 120 years, Tunnels vehicles, Plant and Equipment 30 years.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. All valuations will be undertaken by or under the supervision of a fully qualified Chartered Surveyor (MRICS – Member of the Royal Institution of Chartered Surveyors). These revaluations are detailed within the Notes to the Core Financial Statements. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### De Minimis Levels

The use of a de-minimis level for capital expenditure means that in the above category's assets below the de-minimis level are charged to the revenue account and are not classified as capital expenditure i.e., the asset is not included in the balance sheet unless they are part of an overall project costing more than the established de-minimis level. For all capital expenditure the de-minimis level is £10,000.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation on all Property, Plant and Equipment assets (except Vehicles) is calculated by taking the asset value at the 31 March 2023 divided by remaining life expectancy. Depreciation is charged in the year of acquisition, but not the year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation that would have been charged based on their historic cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. In the most recent valuations of the Tyne Tunnels, it was assessed that, although Mechanical and Electrical Services and the Toll Plazas have an economic life of 20 years, these formed less than 20% of the overall valuation and have not therefore been classed as significant components.

### Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposal in excess of £10,000 are categorised as capital receipts. Receipts are required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Combined Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the general fund, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are

appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **19. Provisions**

Provisions are made where an event has taken place that gives the Combined Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Combined Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Combined Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Combined Authority settles the obligation.

## **20. Public Private Partnership (PPP) Contracts**

Public Private Partnerships are agreements to receive services and provide capital jointly with the private sector. The New Tyne Crossing Partnership is judged to be such an arrangement.

The Code requires these arrangements to be assessed under an application of the principles within International Financial Reporting Interpretation Committee 12 (IFRIC12) 'Service Concessions'.

Arrangements fall in scope of the application where both of the following IFRIC 12 criteria are met:

- The public sector entity ('grantor') controls or regulates the services that the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- The grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service arrangement.

For any service concession within the scope of the application, the grantor will recognise the cost of the property, plant and equipment underlying the service concession as a tangible fixed asset. The New Tyne Crossing is considered to meet both IFRIC 12 criteria, and therefore the costs are recognised on the Combined Authority's Balance Sheet.

In most arrangements within the scope of the application, the grantor will account for the arrangement's financing by recording and measuring a long-term liability in accordance with IAS 17. This treatment reflects an obligation to pay the operator for the full value of the asset along with the operator's costs of finance. However, in the New Tyne Crossing project, TT2 Ltd (the operator) receives a defined proportion of the total toll revenue and uses this to meet its cost of

constructing and operating both vehicle tunnels. The Combined Authority may therefore have no long-term obligation to transfer economic resources to TT2, and hence should not recognise a liability.

The provisions within the Payment Mechanism for payment of toll revenue to the operator are as follows:

- In each month a Shadow Toll is paid to the operator, this being a fixed amount per vehicle, adjusted for changes in RPI.
- Throughout the term, Formula Tolls for each vehicle type are defined to equal the corresponding vehicle Shadow Tolls; and
- The Formula Tolls are the initially defined sequence of tolls to be charged to users and collected by NECA. If NECA varies a Real Toll from its corresponding Formula Toll beyond a certain level, the operator is compensated for the effect of this adjustment on demand.

The Combined Authority therefore has no exposure to any risk and reward associated with the operator revenue, but only an executor contract to transfer the operator's share of total revenues to the operator as it is collected.

It therefore follows from this conclusion that the Combined Authority has no long-term obligation to transfer economic resources to the operator, since the operator revenue is in substance transferred directly to it. The Combined Authority therefore should not recognise a long-term liability to finance the project assets.

In relation to such an arrangement, the Code and the accompanying notes do not provide clear guidance. However, the guidance notes accompanying the Code suggest that the credit that matches the asset should be a deferred income balance. The Combined Authority has therefore recognised a deferred credit balance, added to as each Phase 1 and Phase 2 of the project were completed, and equal to the fair value of the asset addition under each Phase. This balance is then released to the Comprehensive Income and Expenditure Statement over the life of the contract.

## **21. Reserves**

The Combined Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the levy for the expenditure.

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Combined Authority.

## **22. Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the



Combined Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charges so that there is not impact on the levy.

### **23. Tyne Tunnels Income**

The majority of the income from tolls is received on a cash basis. Accruals are made to apportion income credited to the bank account to the correct financial year. Prepayments on permit accounts are also received, and the balance on these accounts are accrued as income received in advance at the period end.

### **24. Value Added Tax (VAT)**

VAT is payable and is included as an expense only to the extent that it is not recoverable from HM Revenue and Customs. VAT receivable is excluded from income.

## **34. Events after the Balance Sheet Date**

### **Adjusting events after the Balance Sheet date**

Where events take place after 31 March which provide information about conditions existing at 31 March, the financial statements and notes are adjusted to reflect the impact of this information. No such events have taken place.

## 3.0 Group Financial Statements and Explanatory Notes

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## 3.1 Group Movement in Reserves Statement

|                                                                                 | NTCAINECA<br>Usable<br>Reserves<br>£000 | NTCAINECA<br>Unusable<br>Reserves<br>£000 | Total<br>NTCAINECA<br>Reserves<br>£000 | Authority<br>Share of<br>Nexus<br>£000 | Total Group<br>Reserves<br>£000 |
|---------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------|----------------------------------------|----------------------------------------|---------------------------------|
| Balance at 31 March<br>2021 carried forward                                     | (124,373)                               | (54,341)                                  | (178,714)                              | (211,189)                              | (389,903)                       |
| Total Comprehensive<br>Income & Expenditure                                     | (53,254)                                | (2,723)                                   | (55,977)                               | (53,064)                               | (109,043)                       |
| Adjustments between<br>accounting basis &<br>funding basis under<br>regulations | (862)                                   | 862                                       | -                                      | -                                      | -                               |
| (Increase)/decrease in<br>2021/22                                               | (54,116)                                | (1,861)                                   | (55,977)                               | (53,064)                               | (109,043)                       |
| <b>Balance at 31 March<br/>2022 carried forward</b>                             | <b>(178,489)</b>                        | <b>(56,202)</b>                           | <b>(234,691)</b>                       | <b>(264,253)</b>                       | <b>(498,946)</b>                |
| Total Comprehensive<br>Income & Expenditure                                     | (59,861)                                | (6,674)                                   | (66,535)                               | (114,313)                              | (180,848)                       |
| Adjustments between<br>accounting basis &<br>funding basis under<br>regulations | 5,126                                   | (5,126)                                   | -                                      | -                                      | -                               |
| (Increase)/decrease in<br>2022/23                                               | (54,735)                                | (11,800)                                  | (66,535)                               | (114,313)                              | (180,848)                       |
| <b>Balance at 31 March<br/>2023 carried forward</b>                             | <b>(233,223)</b>                        | <b>(68,002)</b>                           | <b>(301,225)</b>                       | <b>(378,566)</b>                       | <b>(679,794)</b>                |

### 3.2 Group Comprehensive Income and Expenditure Statement

| 2021/22        |                  |                  | 2022/23                                                |                |                  |                  |                  |
|----------------|------------------|------------------|--------------------------------------------------------|----------------|------------------|------------------|------------------|
| Gross Exp      | Gross Inc        | Net Exp          |                                                        |                |                  |                  |                  |
| £000           | £000             | £000             |                                                        | £000           | £000             |                  |                  |
| 14,622         | (338)            | 14,324           | Investment Fund                                        | 29,449         | (3,357)          | 26,092           |                  |
| 8,148          | (2,475)          | 5,673            | Corporate Costs                                        | 12,230         | (13,848)         | (1,618)          |                  |
| 22,745         | (25,449)         | (2,704)          | Adult Education Budget                                 | 20,420         | (26,409)         | (5,989)          |                  |
| 113,780        | (101,222)        | 12,558           | Joint Transport Costs                                  | 134,012        | (142,233)        | (8,220)          |                  |
| 607            | (298)            | 309              | Invest North East                                      | 513            | (301)            | 213              |                  |
| 42,994         | (29,381)         | 13,613           | Local Enterprise Partnership                           | 32,425         | (13,410)         | 19,015           |                  |
| <b>202,936</b> | <b>(159,163)</b> | <b>43,773</b>    | <b>Cost of Services</b>                                | <b>229,050</b> | <b>(199,558)</b> | <b>29,492</b>    |                  |
| 9,282          | (3,914)          | 5,368            | Other operating expenditure                            |                |                  |                  |                  |
|                |                  |                  | Financing & Investment income and expenditure          | G4             | 10,599           | (9,485)          | 1,115            |
| 0              | (125,260)        | (125,260)        | Taxation and non-specific grant income and expenditure | G5             | 0                | (145,660)        | (145,660)        |
| 14             | (564)            | (550)            | Gain/loss on disposal of non-current assets            |                | 13               | -                | 13               |
| <b>212,232</b> | <b>(288,901)</b> | <b>(76,669)</b>  | <b>(Surplus)/ Deficit on Provision of Services</b>     |                | <b>239,662</b>   | <b>(354,703)</b> | <b>(115,041)</b> |
|                |                  | 626              | Taxation credit charge for the year                    | G14            |                  |                  | -                |
|                |                  | <b>(76,043)</b>  | <b>Group (surplus)/deficit after taxation</b>          |                |                  |                  | <b>(115,041)</b> |
|                |                  | (33,000)         | Re-measurement of the defined benefit liability        | G13            |                  |                  | (65,807)         |
|                |                  | -                | Gains on Revaluation of Property                       |                |                  |                  | -                |
|                |                  | <b>(109,043)</b> | <b>Total Comprehensive Income &amp; Expenditure</b>    |                |                  |                  | <b>(180,848)</b> |

## 3.3 Group Balance Sheet

| 31 March<br>2022<br>£000 |                              | Note | 31 March<br>2023<br>£000 |
|--------------------------|------------------------------|------|--------------------------|
| 422,422                  | Property, Plant & Equipment  | G7   | 480,868                  |
| 2,642                    | Intangible Assets            | G8   | 3,201                    |
| -                        | Pension Asset                | G13  | 29,415                   |
| 19,278                   | Long Term Debtors            |      | 34,183                   |
| <b>444,342</b>           | <b>Long Term Assets</b>      |      | <b>547,666</b>           |
| 202,708                  | Short Term Investments       | G9   | 231,806                  |
| 20,249                   | Short Term Debtors           | G10  | 21,802                   |
| 41,291                   | Cash & Cash Equivalents      | G11  | 53,943                   |
| 408                      | Inventories                  |      | 393                      |
| <b>264,656</b>           | <b>Current Assets</b>        |      | <b>307,944</b>           |
| (21,025)                 | Short Term Borrowing         | G9   | (1,033)                  |
| (45,117)                 | Short Term Creditors         | G12  | (59,902)                 |
| (857)                    | Grants Receipts in Advance   | G6   | (787)                    |
| (2,278)                  | Public Private Partnerships  |      | (2,290)                  |
| <b>(69,277)</b>          | <b>Current Liabilities</b>   |      | <b>(64,013)</b>          |
| (34,177)                 | Public Private Partnerships  |      | (32,063)                 |
| (75,766)                 | Long Term Borrowing          | G9   | (75,858)                 |
| -                        | Grants Receipts in Advance   | G6   | -                        |
| (27,125)                 | Pension Liability            | G13  | -                        |
| (1,617)                  | Provisions                   |      | (1,781)                  |
| (2,090)                  | Deferred Taxation            |      | (2,101)                  |
| <b>(140,775)</b>         | <b>Long Term Liabilities</b> |      | <b>(111,803)</b>         |
| <b>498,946</b>           | <b>Net Assets</b>            |      | <b>679,794</b>           |
|                          | <b>Financed By:</b>          |      |                          |
| (203,346)                | Useable Reserves             | G15  | (259,904)                |
| (295,600)                | Unusable Reserves            | G16  | (419,890)                |
| <b>(498,946)</b>         | <b>Total Reserves</b>        |      | <b>(679,794)</b>         |

I certify that the Accounts give a true and fair view of the financial position of the North of Tyne Combined Authority Group as at 31 March 2023.

Signed: *J Gillespie*

Date: 7 September 2023

Janice Gillespie, Chief Finance Officer (Section 73 Officer)

### 3.4 Group Cash Flow Statement

| 2021/22<br>£000 |                                                                                                                            | Note | 2022/23<br>£000 |
|-----------------|----------------------------------------------------------------------------------------------------------------------------|------|-----------------|
| 76,043          | Surplus on the provision of services                                                                                       | G17  | 115,041         |
| 32,997          | Adjustments to net surplus on the provision of services for non-cash movements                                             | G17  | 29,685          |
| (123,557)       | Adjustments for items included in the net surplus on the provision of services that are investing and financing activities | G17  | (142,970)       |
| <b>(14,517)</b> | <b>Net Cash Flows from Operating Activities</b>                                                                            |      | <b>1,756</b>    |
| 7,138           | Investing Activities                                                                                                       | G18  | 32,464          |
| (1,879)         | Financing Activities                                                                                                       | G19  | (21,568)        |
| <b>(9,258)</b>  | <b>Net Increase in cash and cash equivalents</b>                                                                           |      | <b>12,652</b>   |
| 50,549          | Cash and cash equivalents at the beginning of the reporting period                                                         |      | 41,291          |
| <b>41,291</b>   | <b>Cash and cash equivalents at the end of the reporting period</b>                                                        | G11  | <b>53,943</b>   |

### 3.5 Index to the Notes to the Group Financial Statements

The values within the financial statements are disclosed with rounding's which are appropriate to their individual presentation. Consequently, the tables in the Statement of Accounts may contain rounding differences.

| <b>Note</b> | <b>Title</b>                                                                                                                                   | <b>Page</b> |
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## G1 Group Accounts

Under the 9.1.17 of the Code of Practice for Local Authority Accounting 2022/23, authorities with interest in subsidiaries, associates and/or joint ventures shall prepare Group Accounts in addition to their single entity financial statements, unless their interest is considered to be not material.

The Group Accounts include the accounts of Nexus (in relation only to the proportion relating to the North of Tyne Combined Authority population basis) and have been prepared on a consolidation basis. The accounting policies adopted by Nexus are largely aligned with those of NECA and NTCA with the following minor differences:

### Deferred Taxation

NTCA/NECA does not require a policy on Deferred Taxation. Deferred Taxation (which arises from the differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) has been calculated by Nexus on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal.

### Property, Plant and Equipment and Intangible Assets

Nexus uses the following estimated useful lives for each class of assets:

| <b>Asset</b>              | <b>Estimated Useful Life</b> |
|---------------------------|------------------------------|
| Freehold buildings        | 40 years                     |
| Short leasehold buildings | Over the lease term          |
| Infrastructure assets     | 20 to 50 years               |
| Plant and Equipment       | 5 to 30 years                |
| Vehicles                  | 5 to 10 years                |
| Marine Vessels            | 30 years                     |
| Intangibles               | 5 to 10 years                |

Details of NTCA's depreciation policy can be found within the accounting policies of the single entity accounts. Nexus's policy is to commence depreciation on assets with effect from the month following capitalisation, whereas NTCA and NECA charge a full year depreciation in the year of acquisition.

Where Group Accounts are required, authorities must provide the main financial statements and the disclosure notes which add value to the understanding of the accounts. Disclosure notes have been produced to add more detail where the Group Accounts are materially different from the single entity accounts.

Copies of the single entity accounts for Nexus are available at [www.nexus.org.uk](http://www.nexus.org.uk)

As described in the Note 1 to the single entity accounts, the establishment of the North of Tyne Combined Authority (NTCA) and the North East Joint Transport Committee on 2 November 2018 necessitates the division of income and expenditure, assets and liabilities relating to Joint Transport Committee activity between the NECA and NTCA accounts. Since all Nexus activity reported in the NECA Group Accounts relates to Transport at the Tyne and Wear level, it has been fully apportioned between NECA and



NTCA on the basis of Tyne and Wear population using the ONS statistics used as the basis of dividing the levy contributions.

### Assumptions made about the future and other major sources of uncertainty

The Group's net pension liability includes a share of the overall Pension Fund Investment assets. The Pension Fund has disclosed a material uncertainty, due to Covid-19, in respect of pension investments (direct property valuations and pooled residential property funds).

Please see Note 32 of the single entity accounts for NTCA's assumptions made about the future and other major sources of estimation uncertainty. Significant accounting judgements, estimates and assumptions for Nexus can be found in the Nexus accounts at [www.nexus.org.uk](http://www.nexus.org.uk).

## G2 Expenditure and Funding Analysis

| 2022/23                                | Net Exp Chargeable to General Fund<br>£000 | Adj. for Capital Purposes<br>£000 | Pension Adj.<br>£000 | Other Adj.<br>£000 | Net Exp in CIES<br>£000 |
|----------------------------------------|--------------------------------------------|-----------------------------------|----------------------|--------------------|-------------------------|
| Investment Fund                        | 25,579                                     | 0                                 | 508                  | 5                  | 26,092                  |
| Corporate Costs                        | (1,852)                                    | 0                                 | 223                  | 11                 | (1,618)                 |
| Adult Education Budget                 | (5,988)                                    | 0                                 | 0                    | 0                  | (5,988)                 |
| Joint Transport Committee Costs        | 75,675                                     | (83,895)                          | 0                    | 0                  | (8,220)                 |
| Invest North East                      | 90                                         | 0                                 | 97                   | 26                 | 213                     |
| Local Enterprise Partnership           | 17,467                                     | 0                                 | 1,389                | 160                | 19,016                  |
| Net Cost of Services                   | <b>110,970</b>                             | <b>(83,895)</b>                   | <b>2,216</b>         | <b>202</b>         | <b>29,492</b>           |
| Other Income & Expenditure             | (134,908)                                  | (12,726)                          | (201)                | 3,303              | (144,533)               |
| <b>Surplus on Provision of Service</b> | <b>(23,938)</b>                            | <b>(96,621)</b>                   | <b>2,015</b>         | <b>3,505</b>       | <b>(115,041)</b>        |

|                                               |                 |
|-----------------------------------------------|-----------------|
| <b>Opening General Fund Balances</b>          | <b>(26,139)</b> |
| Surplus on General Fund Balances in Year      | (23,938)        |
| Transfers to Reserves                         | 16,851          |
| <b>General Fund Balances at 31 March 2023</b> | <b>(33,226)</b> |

Group Statement of Accounts

2021/22

|                                        | Net Exp<br>Chargeable<br>to General<br>Fund<br>£000 | Adjs for<br>Capital<br>Purposes<br>£000 | Pension<br>Adjs<br>£000 | Other<br>Adjs<br>£000 | Net Exp<br>in CIES<br>£000 |
|----------------------------------------|-----------------------------------------------------|-----------------------------------------|-------------------------|-----------------------|----------------------------|
| Investment Fund                        | 14,003                                              | -                                       | 347                     | (26)                  | 14,324                     |
| Corporate Costs                        | 5,350                                               | -                                       | 344                     | (21)                  | 5,673                      |
| Adult Education Budget                 | (2,704)                                             | -                                       | -                       | -                     | (2,704)                    |
| Joint Transport Committee Costs        | 23,576                                              | (18,868)                                | 7,850                   | -                     | 12,557                     |
| Invest North East                      | 247                                                 | -                                       | 62                      | -                     | 309                        |
| Local Enterprise Partnership           | 4,385                                               | 8,418                                   | 914                     | (104)                 | 13,613                     |
| <b>Net Cost of Services</b>            | <b>44,857</b>                                       | <b>(10,450)</b>                         | <b>9,517</b>            | <b>(151)</b>          | <b>43,773</b>              |
| Other Income & Expenditure             | (74,567)                                            | (46,452)                                | 102                     | 475                   | (120,442)                  |
| <b>Surplus on Provision of Service</b> | <b>(29,710)</b>                                     | <b>(56,902)</b>                         | <b>9,619</b>            | <b>324</b>            | <b>(76,669)</b>            |
| <b>Taxation Charge for the Year</b>    |                                                     |                                         |                         |                       | <b>626</b>                 |
| <b>Surplus after Taxation</b>          |                                                     |                                         |                         |                       | <b>(76,043)</b>            |

**Opening General Fund Balances**

Surplus on General Fund Balances in Year

Transfers to Reserves

**General Fund Balances at 31 March 2022**

**(29,333)**

(29,710)

32,904

**(26,139)**

**Adjustments to the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts**

Adjustments for Capital Purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and adjusts for:

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from that receivable in the year to those receivables without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs; and
- For Financing and Investment income and expenditure the net interest on the defined benefit liability is charged to the CIES.

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute include:

- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- For services this includes adjustments made from accruing compensated absences earned but not taken in the year.

### G3 Income and Expenditure Analysed by Nature

| 2021/22<br>£000 |                                                                                             | 2022/23<br>£000 |
|-----------------|---------------------------------------------------------------------------------------------|-----------------|
|                 | <b>Expenditure</b>                                                                          |                 |
| 25,993          | Employee benefit expenses                                                                   | 27,979          |
| 110,588         | Other service expenses                                                                      | 148,624         |
| 3,250           | Support Service Recharges                                                                   | 3,490           |
| 63,119          | Depreciation, impairment and Revenue Expenditure Funded from Capital under Statute (REFCUS) | 48,969          |
| 9,282           | Interest Payments                                                                           | 10,600          |
| 212,232         | <b>Total Expenditure</b>                                                                    | 239,662         |
|                 | <b>Income</b>                                                                               |                 |
| (53,404)        | Fees, charges and other service income (Tyne Tunnel tolls)*                                 | (44,632)        |
| (3,914)         | Interest and investment income                                                              | (9,485)         |
| (33,666)        | Income from transport levy                                                                  | (35,702)        |
| (188,426)       | Government grants and contributions                                                         | (257,674)       |
| (9,491)         | Other Income                                                                                | (7,210)         |
| (288,901)       | <b>Total Income</b>                                                                         | (354,703)       |
| (76,669)        | <b>Surplus on the provision of services</b>                                                 | (115,041)       |

**G4 Financing and Investment Income and Expenditure**

| 2021/22<br>£000 |                                                  | 2022/23<br>£000 |
|-----------------|--------------------------------------------------|-----------------|
| 4,594           | Interest payable and similar charges             | 4,866           |
| 4,688           | Interest payable on defined benefit liability    | 699             |
| (3,772)         | Interest receivable on defined benefit liability | -               |
| (142)           | Interest receivable and similar income           | (4,450)         |
| <b>5,368</b>    | <b>Total</b>                                     | <b>1,115</b>    |

**G5 Taxation and Non-Specific Grant Income**

| 2021/22<br>£000  |                                  | 2022/23<br>£000  |
|------------------|----------------------------------|------------------|
| (33,666)         | Transport Levy                   | (35,702)         |
| (71,594)         | Non-Specific Capital Grants      | (89,958)         |
| (20,000)         | Non Ringfenced Government Grants | (20,000)         |
| <b>(125,260)</b> | <b>Total</b>                     | <b>(145,660)</b> |

## G6 Grant Income and Other Contributions

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement within the Cost of Services:

| 2021/22<br>£000 |                                                         | 2022/23<br>£000  |
|-----------------|---------------------------------------------------------|------------------|
| (25,449)        | Adult Education Grant                                   | (26,138)         |
| (13,598)        | Metro Rail Grant                                        | (13,852)         |
| (1,000)         | Mayoral Capacity Fund                                   | (1,000)          |
| -               | Local Transport Fund                                    | 4,754            |
| (9,022)         | Local Transport Plan                                    | (4,149)          |
| (25,617)        | Transforming Cities Fund                                | (5,145)          |
| -               | Nexus Energy Bill Relief Scheme                         | (2,538)          |
| -               | Nexus Non-Specific Grants                               | (876)            |
| -               | Adult Education Implementation Fund                     | -                |
| (8,518)         | Covid 19 Business Support                               | (4,571)          |
| (6,280)         | Active Travel Fund                                      | (8,448)          |
| (1,002)         | Community Renewal Fund                                  | (367)            |
| -               | Multiply                                                | (1,248)          |
| -               | Skills Bootcamp                                         | (4,931)          |
| -               | UK Social Prosperity Fund                               | (5,754)          |
| -               | Bus Service Improvement Plan                            | (53,014)         |
| -               | City Regional Sustainable Transport Settlement          | (2,555)          |
| -               | Local Transport Fund                                    | (5,644)          |
| (5,922)         | Other Grants and Contributions (individually under £1M) | (6,979)          |
| <b>(96,408)</b> | <b>Total</b>                                            | <b>(142,455)</b> |

The Group has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that would require the monies to be returned to the provider if they are not met. The balances at the year-end are as follows:

| 31 March<br>2022<br>£000 |                                                              | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------------------------------------------|--------------------------|
|                          | <b>Grants Receipts in Advance</b>                            |                          |
| (857)                    | Grants & Contributions (individually under £1m) – Short Term | (787)                    |
| <b>(857)</b>             | <b>Total</b>                                                 | <b>(787)</b>             |

## G7 Property, Plant and Equipment (excluding Highways Infrastructure Assets)

**2022/23**

|                                             | Vehicles, Plant,<br>Furniture &<br>Equipment | Land &<br>Buildings | Assets<br>Under<br>Construction | Total Property,<br>Plant &<br>Equipment | Service<br>Concession<br>Assets included<br>in PPE |
|---------------------------------------------|----------------------------------------------|---------------------|---------------------------------|-----------------------------------------|----------------------------------------------------|
| <b>Cost or Valuation</b>                    | <b>£000</b>                                  | <b>£000</b>         | <b>£000</b>                     | <b>£000</b>                             | <b>£000</b>                                        |
| <b>At 1 April 2022</b>                      | <b>15,621</b>                                | <b>1,640</b>        | <b>59,039</b>                   | <b>76,300</b>                           | -                                                  |
| Additions                                   | -                                            | -                   | 75,665                          | 75,665                                  | -                                                  |
| Transfers from Assets<br>under Construction | 342                                          | 2,231               | (63,599)                        | (61,026)                                | -                                                  |
| Transfers to Intangibles                    | -                                            | -                   | (33)                            | (33)                                    | -                                                  |
| Derecognition – disposals                   | (164)                                        | -                   | (13)                            | (177)                                   | -                                                  |
| Other Adjustments                           | -                                            | -                   | -                               | -                                       | -                                                  |
| <b>At 31 March 2023</b>                     | <b>15,799</b>                                | <b>3,871</b>        | <b>71,059</b>                   | <b>90,729</b>                           | -                                                  |
| At 1 April 2022                             | (11,838)                                     | (141)               | -                               | (11,979)                                | -                                                  |
| Depreciation charge                         | (509)                                        | (12)                | -                               | (521)                                   | -                                                  |
| Derecognition – disposals                   | 102                                          | 45                  | -                               | 147                                     | -                                                  |
| <b>At 31 March 2023</b>                     | <b>(12,245)</b>                              | <b>(108)</b>        | <b>-</b>                        | <b>(12,353)</b>                         | <b>-</b>                                           |
| <b>Net Book Value</b>                       |                                              |                     |                                 |                                         |                                                    |
| <b>At 1 April 2022</b>                      | <b>3,784</b>                                 | <b>1,499</b>        | <b>59,039</b>                   | <b>64,322</b>                           | <b>-</b>                                           |
| <b>At 31 March 2023</b>                     | <b>3,554</b>                                 | <b>3,763</b>        | <b>71,059</b>                   | <b>78,376</b>                           | <b>-</b>                                           |

**2021/22**

|                                             | Vehicles, Plant,<br>Furniture &<br>Equipment | Land &<br>Buildings | Assets<br>Under<br>Construction | Total Property,<br>Plant &<br>Equipment | Service<br>Concession<br>Assets included<br>in PPE |
|---------------------------------------------|----------------------------------------------|---------------------|---------------------------------|-----------------------------------------|----------------------------------------------------|
| Cost or Valuation                           | £000                                         | £000                | £000                            | £000                                    | £000                                               |
| <b>At 1 April 2021</b>                      | <b>15,577</b>                                | <b>1,759</b>        | <b>27,872</b>                   | <b>45,207</b>                           | -                                                  |
| Additions                                   | -                                            | -                   | 40,614                          | 40,614                                  | -                                                  |
| Transfers from Assets<br>under Construction | 62                                           | -                   | (9,402)                         | 9,340                                   | -                                                  |
| Transfers to Intangibles                    | -                                            | -                   | (26)                            | (26)                                    | -                                                  |
| Derecognition – disposals                   | (17)                                         | (119)               | (19)                            | (155)                                   | -                                                  |
| Other Adjustments                           | -                                            | -                   | -                               | -                                       | -                                                  |
| <b>At 31 March 2022</b>                     | <b>15,622</b>                                | <b>1,640</b>        | <b>59,039</b>                   | <b>76,301</b>                           | -                                                  |
| At 1 April 2021                             | (11,333)                                     | (244)               | -                               | (11,577)                                | -                                                  |
| Depreciation charge                         | (522)                                        | (11)                | -                               | (533)                                   | -                                                  |
| Derecognition – disposals                   | 17                                           | 114                 | -                               | 430                                     | -                                                  |
| <b>At 31 March 2022</b>                     | <b>(11,838)</b>                              | <b>(141)</b>        | <b>-</b>                        | <b>(11,979)</b>                         | -                                                  |
| <b>Net Book Value</b>                       |                                              |                     |                                 |                                         |                                                    |
| <b>At 1 April 2021</b>                      | <b>4,244</b>                                 | <b>1,515</b>        | <b>27,872</b>                   | <b>33,631</b>                           | -                                                  |
| <b>At 31 March 2022</b>                     | <b>3,784</b>                                 | <b>1,499</b>        | <b>59,039</b>                   | <b>64,322</b>                           | -                                                  |

**G7a: Property, Plant and Equipment (Highways Infrastructure Assets)****Movements on balances**

In accordance with the temporary relief offered by the Update to the Code on Infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Group Statement of Accounts

|                                                  | 2021/22        | 2022/23        |
|--------------------------------------------------|----------------|----------------|
|                                                  | £000           | £000           |
| <b>Net book value (modified historical cost)</b> |                |                |
| <b>At 1 April</b>                                | <b>362,265</b> | <b>151,022</b> |
| Additions                                        | 210            | 61,036         |
| Transfer of Assets Under Construction            | 9,330          | -              |
| Derecognition                                    | (479)          | (1,845)        |
| Depreciation                                     | (15,007)       | (16,989)       |
| Impairment                                       | -              | -              |
| Other movements in cost                          | 1,770          | 2,187          |
| <b>At 31 March</b>                               | <b>358,089</b> | <b>402,492</b> |

**Reconciliation to Balance Sheet**

|                         | 2021/22        | 2022/23        |
|-------------------------|----------------|----------------|
|                         | £000           | £000           |
| Infrastructure assets   | 358,089        | 402,492        |
| Other PPE assets        | 64,333         | 78,376         |
| <b>Total PPE assets</b> | <b>422,422</b> | <b>480,868</b> |

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

**Structures - net book value**

NTCA has estimated a net book value at 31 March 2023 for its structures at £149.117m. This is fully represented by the tunnels owned by the authority. The remaining useful lives for its tunnels are assessed to be as follows:

|                                |           |
|--------------------------------|-----------|
| Northbound vehicle tunnel      | 60 years  |
| Southbound vehicle tunnel      | 108 years |
| Pedestrian and cyclist tunnels | 60 years  |



## G8 Intangible Assets

Intangible assets in the Group Accounts relate wholly to Nexus.

| 2021/22<br>£000 |                                            | 2022/23<br>£000 |
|-----------------|--------------------------------------------|-----------------|
|                 | <b>Cost or Valuation</b>                   |                 |
| 5,357           | Opening Balance                            | 5,919           |
| 478             | Additions                                  | 900             |
| 26              | Transfers from Property, Plant & Equipment | 33              |
| (1)             | Derecognition – Disposals                  | (3)             |
| <b>5,860</b>    | <b>Total</b>                               | <b>6,849</b>    |
|                 | <b>Amortisation</b>                        |                 |
| (2,969)         | Opening Balance                            | (3,263)         |
| (249)           | Amortisation provided during the period    | (385)           |
| <b>(3,218)</b>  | <b>Total</b>                               | <b>(3,648)</b>  |
| <b>2,642</b>    | <b>Net Book Value at 31 March</b>          | <b>3,201</b>    |

## G9 Financial Instruments

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Combined Authority that is represented by cash or other instruments or a contractual right to receive cash or another financial asset. The financial assets held by the Combined Authority during the year are held under the following classifications.

|                               | Non-current                 |                             |                             |                             | Current                     |                             |                             |                             |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                               | Investments                 |                             | Debtors                     |                             | Investments                 |                             | Debtors                     |                             |
|                               | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 |
| Amortised cost                | -                           | -                           | 19,279                      | 34,183                      | 202,708                     | 231,806                     | 18,927                      | 19,592                      |
| <b>Total Financial Assets</b> | -                           | -                           | <b>19,279</b>               | <b>34,183</b>               | <b>202,708</b>              | <b>231,806</b>              | <b>18,927</b>               | <b>19,592</b>               |
| Non-financial Assets          | -                           | -                           | -                           | -                           | -                           | -                           | 1,323                       | 2,209                       |
| <b>Total</b>                  | -                           | -                           | <b>19,279</b>               | <b>34,183</b>               | <b>202,708</b>              | <b>231,806</b>              | <b>20,250</b>               | <b>21,801</b>               |

### Financial assets at amortised cost

Financial assets are classified at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

All of the Group's financial assets fit these criteria and are classified at amortised cost.

## Trade receivables

Trade receivables are amounts due for goods and services delivered. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables are recognised initially at the amount of the consideration. Trade receivables are held with the objective of collecting the contractual cash flows and are therefore measured at amortised cost using the effective interest method.

Due to the short-term nature of held to maturity investments their carrying value is considered to be the same as their fair value.

## Financial Liabilities held at amortised cost

A financial liability is an obligation to transfer economic benefits controlled by the Combined Authority and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially

|                                    | Non-current                 |                             |                             |                             | Current                     |                             |                             |                             |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                    | Borrowings                  |                             | Creditors                   |                             | Borrowings                  |                             | Creditors                   |                             |
|                                    | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 | 31<br>March<br>2022<br>£000 | 31<br>March<br>2023<br>£000 |
| Amortised cost                     | (75,766)                    | (75,858)                    | -                           | -                           | (21,025)                    | (1,033)                     | (8,980)                     | (9,774)                     |
| <b>Total Financial Liabilities</b> | <b>(75,766)</b>             | <b>(75,858)</b>             | -                           | -                           | <b>(21,025)</b>             | <b>(1,033)</b>              | <b>(8,980)</b>              | <b>(9,774)</b>              |
| Non-financial Liabilities          | -                           | -                           | -                           | -                           | -                           | -                           | (36,137)                    | (50,129)                    |
| <b>Total</b>                       | <b>(75,766)</b>             | <b>(75,858)</b>             | -                           | -                           | <b>(21,025)</b>             | <b>(1,033)</b>              | <b>(45,116)</b>             | <b>(59,903)</b>             |

unfavourable to Combined Authority.

The contractual terms for the Group's financial liabilities give rise to cash flows that are solely payments of principal and interest, and they have been accordingly classified at amortised cost.

## Income, Expense, Gains and Losses

The gains and losses recognised in the CIES in relation to financial instruments are made as follows:

### Fair Value of Assets & Liabilities carried at Amortised Cost

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2023, using the following method and assumptions:

- Loans borrowed by the Combined Authority have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lender's options to propose an increase to the interest rate of the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

For 2022/23 the fair values are shown in the table below are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability: Fair values have been estimated by discounting the loans' contractual cash flows over the whole life of the instruments at the appropriate

| 31 March 2022                           |                                             |                |                                                          | 31 March 2023                           |                                             |                |
|-----------------------------------------|---------------------------------------------|----------------|----------------------------------------------------------|-----------------------------------------|---------------------------------------------|----------------|
| Financial Liabilities at amortised cost | Financial assets measured at amortised cost | Total          |                                                          | Financial Liabilities at amortised cost | Financial assets measured at amortised cost | Total          |
| £000                                    | £000                                        | £000           |                                                          | £000                                    | £000                                        | £000           |
| 9,282                                   | -                                           | 9,282          | Interest expense                                         | 5,568                                   | -                                           | 5,568          |
| <b>9,282</b>                            | -                                           | <b>9,282</b>   | <b>Total expense in Surplus on Provision of Services</b> | <b>5,568</b>                            | -                                           | <b>5,568</b>   |
| -                                       | (3,914)                                     | (3,914)        | Investment Income                                        |                                         | (4,454)                                     | (4,454)        |
|                                         | <b>(3,914)</b>                              | <b>(3,914)</b> | <b>Total income in Surplus on Provision of Services</b>  |                                         | <b>(4,454)</b>                              | <b>(4,454)</b> |
| <b>9,282</b>                            | <b>(3,914)</b>                              | <b>5,368</b>   | <b>Net (gain)/loss for the year</b>                      | <b>5,568</b>                            | <b>(4,454)</b>                              | <b>1,114</b>   |

market rates for local authority loans of equivalent remaining term. The value of “Lender’s Option Borrower’s Option” (LOBO) loans have been increased by the value of the embedded options: lenders’ options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps; borrower’s contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate;

- Level 3 – fair value is determined using unobservable inputs: consideration of the estimated creditworthiness of the organisation receiving the loans based on their financial performance and track record of payment.

The fair values calculated are as follows:

|                                           | Level | 31 March 2022           |                    | 31 March 2023           |                    |
|-------------------------------------------|-------|-------------------------|--------------------|-------------------------|--------------------|
|                                           |       | Carrying Amount<br>£000 | Fair Value<br>£000 | Carrying Amount<br>£000 | Fair Value<br>£000 |
| Financial liabilities at amortised cost   | 2     | (96,791)                | (130,347)          | (76,888)                | (73,984)           |
| <b>Total</b>                              |       | <b>(96,791)</b>         | <b>(130,347)</b>   | <b>(76,888)</b>         | <b>(73,984)</b>    |
| <b>Financial Assets at amortised cost</b> |       |                         |                    |                         |                    |
| Held to Maturity investments              | 2     | 202,708                 | 202,708            | 231,806                 | 231,806            |
| Other debtors                             |       | 19,279                  | 19,278             | 34,183                  | 34,183             |
| <b>Total</b>                              |       | <b>221,987</b>          | <b>221,986</b>     | <b>265,989</b>          | <b>265,989</b>     |

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value. Details of the nature and extent of risks arising from Financial Instruments are set out in Note 16 of the single entity accounts.

### G10 Short Term Debtors

| 31 March<br>2022<br>£000 |                                | 31 March<br>2023<br>£000 |
|--------------------------|--------------------------------|--------------------------|
| 9,226                    | Central Government Bodies      | 8,751                    |
| 8,316                    | Other Local Authorities        | 12,048                   |
| -                        | NHS Bodies                     | 21                       |
| 2,707                    | Other Entities and Individuals | 982                      |
| <b>20,249</b>            | <b>Total</b>                   | <b>21,802</b>            |

**G11 Cash and Cash Equivalents**

| 31 March<br>2022<br>£000 |                     | 31 March<br>2023<br>£000 |  |
|--------------------------|---------------------|--------------------------|--|
| 28,987                   | Cash                | 31,553                   |  |
| 12,304                   | Short term deposits | 22,389                   |  |
| <b>41,291</b>            | <b>Total</b>        | <b>53,943</b>            |  |

**G12 Short Term Creditors**

| 31 March<br>2022<br>£000 |                                | 31 March<br>2023<br>£000 |  |
|--------------------------|--------------------------------|--------------------------|--|
| (8,247)                  | Central Government Bodies      | (3,276)                  |  |
| (8,187)                  | Other Local Authorities        | (22,961)                 |  |
| (28,683)                 | Other Entities and Individuals | (33,665)                 |  |
| <b>(45,117)</b>          | <b>Total</b>                   | <b>(59,902)</b>          |  |

**G13 Defined Benefit Pension Schemes**

NTCA and Nexus participate in the Tyne & Wear Pension Fund (the Fund) administered locally by South Tyneside Council, which is part of the Local Government Pension Scheme (LGPS). This is a funded defined benefit scheme, meaning that the authorities and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

In addition, there are arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash must be generated to meet actual pension payments as they eventually fall due.

**Consolidated Pension Liability**

The Group pension asset of £17.593m (£27.125m liability in 2021/22) is the sum of the NTCA and Nexus net pension asset.

**Transactions relating to post-employment Benefits**

The following transactions relating to the LGPS and Unfunded Benefits provided by the NECA Group have been included in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

| Comprehensive Income & Expenditure Statement                                                 | LGPS            |                 | Discretionary Benefits |             |
|----------------------------------------------------------------------------------------------|-----------------|-----------------|------------------------|-------------|
|                                                                                              | 2021/22         | 2022/23         | 2021/22                | 2022/23     |
|                                                                                              | £000            | £000            | £000                   | £000        |
| <b>Cost of Services</b>                                                                      |                 |                 |                        |             |
| Current Service Costs                                                                        | 10,243          | 10,664          | -                      | -           |
| Past Service Costs                                                                           | 18              | -               | -                      | -           |
| Settlement Costs                                                                             | -               | 16              | -                      | -           |
| Exceptional loss on transfer of pension liability loss                                       | -               | -               | -                      | -           |
| <b>Financing and Investment Income and Expenditure</b>                                       |                 |                 |                        |             |
| Interest Cost                                                                                | 4,666           | 5,706           | 21                     | 22          |
| Expected Return on Scheme Assets                                                             | (3,772)         | (5,028)         | -                      | -           |
| <b>Total Post Employment Benefit Charged to the Surplus on the Provision of Services</b>     | <b>11,155</b>   | <b>11,358</b>   | <b>21</b>              | <b>22</b>   |
| Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement: |                 |                 |                        |             |
| Return on plan assets (excluding the amount included in the net interest expense)            | (2,723)         | (6,674)         | (76)                   | -           |
| Remeasurement of the net Defined Benefit Liability                                           | (29,853)        | (59,120)        | (96)                   | (13)        |
| <b>Total Amount recognised in Other Comprehensive Income &amp; Expenditure</b>               | <b>(32,576)</b> | <b>(65,794)</b> | <b>(172)</b>           | <b>(13)</b> |
| <b>Total amount recognised in the CIES</b>                                                   | <b>(21,421)</b> | <b>(54,436)</b> | <b>(21)</b>            | <b>9</b>    |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

**Reconciliation of the Fair Value of the Scheme Assets**

|                                              | LGPS            |                 | Discretionary Benefits |                 |
|----------------------------------------------|-----------------|-----------------|------------------------|-----------------|
|                                              | 2021/22<br>£000 | 2022/23<br>£000 | 2021/22<br>£000        | 2022/23<br>£000 |
| <b>Opening fair value of scheme assets</b>   | <b>180,116</b>  | <b>198,025</b>  | -                      | -               |
| Interest Income                              | 3,912           | 5,357           | -                      | -               |
| Remeasurement gain on plan assets            | 15,303          | (6,040)         | -                      | -               |
| Employer contributions                       | 1,851           | 2,117           | 143                    | -               |
| Contributions by scheme participants         | 1,592           | 1,858           | -                      | -               |
| Net Benefits paid out                        | (4,749)         | (5,374)         | (143)                  | -               |
| Net decrease in assets from Stadler Transfer | -               | -               | -                      | -               |
| Settlements                                  | -               | -               | -                      | -               |
| <b>Closing fair value of scheme assets</b>   | <b>198,025</b>  | <b>195,943</b>  | -                      | -               |

**Reconciliation of present value of the scheme liabilities**

|                                                 | LGPS             |                  | Discretionary Benefits |                 |
|-------------------------------------------------|------------------|------------------|------------------------|-----------------|
|                                                 | 2021/22<br>£000  | 2022/23<br>£000  | 2021/22<br>£000        | 2022/23<br>£000 |
| <b>Opening balance at 1 April</b>               | <b>(229,451)</b> | <b>(224,259)</b> | <b>(1,171)</b>         | <b>(897)</b>    |
| Current Service Cost                            | (10,243)         | (10,664)         | -                      | -               |
| Interest Cost                                   | (4,806)          | (6,037)          | (22)                   | (22)            |
| Contributions by participants                   | (1,592)          | (1,858)          | -                      | -               |
| Remeasurement of the Net Defined Liability      | 17,102           | 71,718           | 168                    | 13              |
| Net benefits paid                               | 4,749            | 5,374            | 134                    | 113             |
| Past service costs                              | (18)             | (16)             | -                      | -               |
| Net increase in liabilities from NEMOL transfer | -                | -                | -                      | -               |
| Settlements                                     | -                | -                | -                      | -               |
| <b>Closing balance at 31 March</b>              | <b>(224,259)</b> | <b>(165,741)</b> | <b>(891)</b>           | <b>(787)</b>    |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### Scheme History

#### Fair Value of LGPS Assets

Present value of LGPS liabilities

- LGPS liabilities

#### Deficit on funded defined benefit scheme

Discretionary benefits

#### Total Deficit

|  | 2021/22<br>£000 | 2022/23<br>£000 |
|--|-----------------|-----------------|
|  | 198,025         | 195,943         |
|  | (224,259)       | (165,741)       |
|  | (26,324)        | (30,202)        |
|  | (891)           | (787)           |
|  | (27,125)        | (29,415)        |

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

|                     | NTCA | Nexus |
|---------------------|------|-------|
| Active members      | 95%  | 40%   |
| Deferred pensioners | 4%   | 11%   |
| Pensioners          | 1%   | 49%   |

The weighted average duration of the defined benefit obligation for scheme members is 29.3 years for NTCA and 17.4 years for Nexus.

The liabilities show the underlying commitments that the Combined Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £179.209m has an impact on the net worth of the Combined Authority recorded on the balance sheet, resulting in a positive pension balance of £17.593m. However, statutory arrangements for funding the deficit mean that the financial position of the Combined Authority remains healthy:

- The deficit on the local government scheme will be made good by contributions over the remaining working life of employees (i.e., before payments fall due), as assessed by the scheme actuary.
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.
- The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2024 is £0.875m for NTCA and £4.290m for Nexus (of which £1.926m is attributed to NTCA).

### Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions



about mortality rates, salary levels etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Aon, an independent firm of actuaries, estimates for the pension fund being based on the latest full valuation of the scheme as at 31 March 2022.

The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS19 purposes were:

| NTCA                                                 | Local Government |               |
|------------------------------------------------------|------------------|---------------|
|                                                      | 31 March 2022    | 31 March 2023 |
| <b>Mortality assumptions:</b>                        |                  |               |
| Pensioner member aged 65 at accounting date (male)   | 21.8             | 21.6          |
| Pensioner member aged 65 at accounting date (female) | 25.0             | 24.6          |
| Active member aged 45 at accounting date (male)      | 23.5             | 22.9          |
| Active member aged 45 at accounting date (female)    | 26.7             | 26.1          |
| <b>Rate for discounting scheme liabilities:</b>      | % per annum      | % per annum   |
| Rate of inflation – Retail Price Index               | 2.70             | 4.60          |
| Rate of inflation – Consumer Price Index             | 2.80             | 2.60          |
| Rate of increase in pensions                         | 2.80             | 2.60          |
| Pensions accounts revaluation rate                   | 2.80             | 2.60          |
| Rate of increase in salaries                         | 4.30             | 4.10          |

| Nexus                                    | LGPS    |         | Discretionary Benefits |         |
|------------------------------------------|---------|---------|------------------------|---------|
|                                          | 2021/22 | 2022/23 | 2021/22                | 2022/23 |
| <b>Mortality assumptions:</b>            |         |         |                        |         |
| Longevity at 65 for current pensioners   |         |         |                        |         |
| Men                                      | 21.5    | 21.6    | 21.9                   | 21.8    |
| Women                                    | 24.5    | 24.6    | 25.1                   | 25.0    |
| Longevity at 65 for future pensioners    |         |         |                        |         |
| Men                                      | 22.8    | 22.9    | n/a                    | n/a     |
| Women                                    | 26.0    | 26.1    | n/a                    | n/a     |
| <b>Discount rates:</b>                   | %p.a.   | %p.a.   | %p.a.                  | %p.a.   |
| Rate for discounting scheme liabilities  | 1.6     | 4.7     | 1.6                    | 4.7     |
| Rate of inflation – Retail Price Index   | n/a     | n/a     | n/a                    | n/a     |
| Rate of inflation – Consumer Price Index | 2.2     | 2.7     | 2.2                    | 2.7     |
| Rate of increase in pensions             | 2.2     | 2.7     | 2.2                    | n/a     |
| Pension accounts revaluation rate        | 2.2     | 2.7     | 2.2                    | n/a     |
| Rate of increase in salaries             | 3.7     | 3.7     | n/a                    | n/a     |

The approximate split of assets for the Fund as a whole is shown in the table below:

|                     | 31 March<br>2022 | Asset Split 31 March<br>2023<br>% |             |              |
|---------------------|------------------|-----------------------------------|-------------|--------------|
|                     | % Total          | Quoted                            | Unquoted    | Total        |
| Equities            | 57.0             | 40.1                              | 11.1        | 51.2         |
| Property            | 8.4              | 0                                 | 10.5        | 10.5         |
| Government Bonds    | 2.0              | 1.3                               | 0           | 1.3          |
| Corporate Bonds     | 18.8             | 19.5                              | 0           | 19.5         |
| Multi Asset Credit  | 0                | 4.5                               | 0           | 4.5          |
| Cash                | 1.8              | 1.8                               | 0           | 1.8          |
| Other*              | 12.0             | 0                                 | 11.2        | 11.2         |
| <b>Total Assets</b> | <b>100.0</b>     | <b>67.2</b>                       | <b>32.8</b> | <b>100.0</b> |

\*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

### Actual Return on Assets

|                                | Local<br>Government |                 |
|--------------------------------|---------------------|-----------------|
|                                | 2021/22<br>£000     | 2022/23<br>£000 |
| Interest Income on Assets      | 3,912               | 5,357           |
| Remeasurement gain on assets   | 8,452               | (7,006)         |
| <b>Actual Return on Assets</b> | <b>12,364</b>       | <b>(1,649)</b>  |

### Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. Sensitivity of unfunded benefits has not been included on materiality grounds.

|                                                | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Discount rate assumption</b>                |                                |                        |                                |
| <b>Adjustment to discount rate</b>             |                                |                        |                                |
| Present value of total obligation (£M)         | 347.99                         | 342.32                 | 348.48                         |
| % change in present value of total obligation  | (2.10%)                        |                        | 2.20%                          |
| Projected service cost (£M)                    | 8.85                           | 9.26                   | 9.66                           |
| Approximate % change in projected service cost | (4.50%)                        |                        | 4.60%                          |

|                                                | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Rate of general increase in salaries</b>    |                                |                        |                                |
| <b>Adjustment to salary increase rate</b>      |                                |                        |                                |
| Present value of total obligation (£M)         | 354.83                         | 354.10                 | 353.38                         |
| % change in present value of total obligation  | 1.85%                          |                        | (1.80%)                        |
| Projected service cost (£M)                    | 9.66                           | 9.26                   | 8.85                           |
| Approximate % change in projected service cost | 4.60%                          |                        | (4.50)%                        |

|                                                                                                                                         | <b>+0.1%<br/>per<br/>annum</b> | <b>Base<br/>Figure</b> | <b>-0.1%<br/>per<br/>annum</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------|--------------------------------|
| <b>Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption</b> |                                |                        |                                |
| <b>Adjustment to pension increase rate</b>                                                                                              |                                |                        |                                |
| Present value of total obligation                                                                                                       | 363.31                         | 354.10                 | 344.90                         |
| % change in present value of total obligation                                                                                           | 2.60%                          |                        | (2.60%)                        |
| Projected service cost (£M)                                                                                                             | 9.59                           | 9.26                   | 8.92                           |
| Approximate % change in projected service cost                                                                                          | 3.70%                          |                        | (3.70%)                        |

|                                                        | <b>-1 year</b> | <b>Base<br/>Figure</b> | <b>+1 year</b> |
|--------------------------------------------------------|----------------|------------------------|----------------|
| <b>Post retirement mortality assumption</b>            |                |                        |                |
| <b>Adjustment to mortality age rating assumption *</b> |                |                        |                |
| Present value of total obligation (£M)                 | 363.31         | 354.10                 | 344.90         |
| % change in present value of total obligation          | 2.60%          |                        | (2.60%)        |
| Projected service cost (£M)                            | 9.59           | 9.26                   | 8.92           |
| Approximate % change in projected service cost         | 3.70%          |                        | (3.70%)        |

\*a rating of + 1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

**G14 Deferred Tax Liability**

The movement for the year comprises:

|                          | <b>2021/22</b> | <b>2022/23</b> |
|--------------------------|----------------|----------------|
|                          | <b>£000</b>    | <b>£000</b>    |
| Capital Allowances       | 376            |                |
| Tax effect of losses     | 252            |                |
| Other timing differences | (2)            |                |
| <b>Total</b>             | <b>626</b>     |                |

The balance at the year-end comprises:

|                                                | <b>2021/22</b> | <b>2022/23</b> |
|------------------------------------------------|----------------|----------------|
|                                                | <b>£000</b>    | <b>£000</b>    |
| Excess of capital allowances over depreciation | 1,768          |                |
| Roll over relief on capital gains              | 551            |                |
| Tax effect of losses                           | (183)          |                |
| Other timing differences                       | (46)           |                |
| <b>Total</b>                                   | <b>2,090</b>   |                |

**G15 Usable Reserves**

|                              | <b>31 March</b>  | <b>31 March</b>  |
|------------------------------|------------------|------------------|
|                              | <b>2022</b>      | <b>2023</b>      |
|                              | <b>£000</b>      | <b>£000</b>      |
| General Fund Balance         | (26,139)         | (33,226)         |
| Earmarked Reserves           | (117,958)        | (150,033)        |
| Capital Grants Unapplied     | (58,470)         | (76,134)         |
| Capital Receipts Reserve     | (779)            | (471)            |
| <b>Total Usable Reserves</b> | <b>(203,346)</b> | <b>(259,904)</b> |

**G16 Unusable Reserves**

|                                          | <b>31 March</b>  | <b>31 March</b>  |
|------------------------------------------|------------------|------------------|
|                                          | <b>2022</b>      | <b>2023</b>      |
|                                          | <b>£000</b>      | <b>£000</b>      |
| Revaluation Reserve                      | (4,603)          | (4,572)          |
| Capital Adjustment Account               | (322,070)        | (384,270)        |
| Financial Instruments Adjustment Account | 3,544            | (1,836)          |
| Accumulated Absences Account             | 405              | 202              |
| Pension Reserve                          | 27,125           | (29,414)         |
| <b>Total Unusable Reserves</b>           | <b>(295,600)</b> | <b>(419,890)</b> |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant & Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date on which the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

|                                                                                                                             | <b>£000s</b>   |
|-----------------------------------------------------------------------------------------------------------------------------|----------------|
| <b>Balance at 1 April 2021</b>                                                                                              | (4,652)        |
| Difference between fair value depreciation and historical cost depreciation – written off to the Capital Adjustment Account | 49             |
| Revaluation gain recognised in Revaluation Reserve                                                                          | -              |
| <b>Balance at 31 March 2022</b>                                                                                             | <b>(4,603)</b> |
| Difference between fair value depreciation and historical cost depreciation – written off to the Capital Adjustment Account | 31             |
| Revaluation gain recognised in Revaluation Reserve                                                                          | -              |
| <b>Balance at 31 March 2023</b>                                                                                             | <b>(4,572)</b> |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income & Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement of assets.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

|                                                                                                 | <b>£000</b>      |
|-------------------------------------------------------------------------------------------------|------------------|
| <b>Balance at 1 April 2021</b>                                                                  | <b>(291,983)</b> |
| Reversal of items relating to capital expenditure debited or credited to the CIES:              |                  |
| Charges for depreciation & impairment of non-current assets                                     | 15,130           |
| Amounts of non-current assets written off on disposal or sale                                   | 496              |
| Other income that cannot be credited to the General Fund                                        | (2,278)          |
| Revenue expenditure funded from capital under statute                                           | 47,989           |
| Write down of long-term debtors                                                                 | 654              |
| <b>Adjusting amounts written out of the Revaluation Reserve</b>                                 | <b>(49)</b>      |
| Capital financing applied in the year:                                                          |                  |
| Capital grants & contributions credited to the CIES that have been applied to capital financing | (81,412)         |
| Statutory provision for the financing of capital investment charged against the General Fund    | (804)            |
| Use of Capital Receipts to fund capital expenditure                                             | (8,418)          |
| Capital expenditure charged against the General Fund                                            | (741)            |
| Debt redeemed using capital receipts                                                            | (654)            |
| <b>Balance at 31 March 2022</b>                                                                 | <b>(322,070)</b> |
| Charges for depreciation & impairment of non-current assets                                     | 17,239           |
| Amounts of non-current assets written off on disposal or sale                                   | 1,865            |
| Other income that cannot be credited to the General Fund                                        | (2,290)          |
| Revenue expenditure funded from capital under statute                                           | 50,986           |
| Write down of long-term debtors                                                                 | 633              |
| <b>Adjusting amounts written out of the Revaluation Reserve</b>                                 | <b>(47)</b>      |
| Capital financing applied in the year:                                                          |                  |
| Capital grants & contributions credited to the CIES that have been applied to capital financing | <b>(127,501)</b> |
| Statutory provision for the financing of capital investment charged against the General Fund    | (832)            |
| Use of Capital Receipts to fund new expenditure                                                 | -                |
| Capital expenditure charged against the General Fund                                            | (1,633)          |
| Debt redeemed using capital receipts                                                            | (633)            |
| Transfer to and from Reserves                                                                   | 13               |

**Balance at 31 March 2023****(384,270)**Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

**Balance at 1 April**

Adjustment to the accrual required

Adjustment to the debtor in respect of leave taken in advance

Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

**Balance at 31 March**

|  | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> |
|--|-------------------------|-------------------------|
|  | 556                     | 405                     |
|  | (151)                   | (203)                   |
|  | <b>151</b>              | <b>203</b>              |
|  | <b>405</b>              | <b>202</b>              |

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

|                                                                                                                               | <b>£000</b>     |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>Balance at 1 April 2021</b>                                                                                                | <b>50,507</b>   |
| Remeasurements of the net defined benefit liability                                                                           | (32,573)        |
| Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the CIES | 11,075          |
| Employer's pension contributions and direct payments to pensioners                                                            | (1,986)         |
| Interest expense on net defined asset                                                                                         | 102             |
| <b>Balance at 31 March 2022</b>                                                                                               | <b>27,125</b>   |
| <b>Balance at 1 April 2022</b>                                                                                                | <b>27,125</b>   |
| Remeasurements of the net defined benefit asset                                                                               | (65,807)        |
| Reversal of items relating to retirement benefits debited or credited to the Surplus on the Provision of Services in the CIES | 11,398          |
| Employer's pension contributions and direct payments to pensioners                                                            | (2,234)         |
| Interest expense on net defined asset                                                                                         | 104             |
| <b>Balance at 31 March 2023</b>                                                                                               | <b>(29,414)</b> |

### G17 Adjustments to net surplus or deficit on the provision of services for non-cash movements and items that are Investing or Financing Activities

| 2021/22<br>£000 |                                                                                                                                    | 2022/23<br>£000 |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| 76,669          | Surplus on the provision of services                                                                                               | 115,041         |
|                 | <b>Adjustments to Surplus on Provision of Services for Non-Cash Movements:</b>                                                     |                 |
| 15,788          | Depreciation, Impairment and Amortisation                                                                                          | 17,745          |
| (56)            | Loss/(Gain) on disposal of non-current assets                                                                                      | 2,025           |
| 32,246          | Increase in Creditors                                                                                                              | 237             |
| (21,799)        | Increase in Debtors                                                                                                                | (13,980)        |
| (4)             | Decrease/(Increase) in Inventories                                                                                                 | 15,419          |
| 9,619           | Movement in Pension Liability                                                                                                      | 2,015           |
| (3,423)         | Other non-cash items charged to the surplus on the provision of services                                                           | 6,225           |
| <b>32,371</b>   | <b>Adjustments for items included in the net surplus on the provision of services that are investing and financing activities:</b> | <b>29,685</b>   |
| (125,008)       | Capital grants credited to surplus on provision of services                                                                        | (143,847)       |
| 1,451           | Other adjustments for items that are financing or investing activities                                                             | 877             |
| <b>(14,517)</b> | <b>Net cash flow from operating activities</b>                                                                                     | <b>(1,756)</b>  |



The cash flows for operating activities include the following items:

| 2021/22<br>£000 |                   | 2022/23<br>£000 |
|-----------------|-------------------|-----------------|
| 4,320           | Interest Received | 5,491           |
| (9,282)         | Interest Paid     | (5,565)         |

### G18 Cash Flow Statement – Investing Activities

| 2021/22<br>£000 |                                                                                      | 2022/23<br>£000 |
|-----------------|--------------------------------------------------------------------------------------|-----------------|
| (41,978)        | Purchase of property, plant and equipment, investment property and intangible assets | (77,363)        |
| (258,968)       | Purchase of short-term and long-term investments                                     | (292,072)       |
| 183,226         | Proceeds from short-term and long-term investments                                   | 288,350         |
| 124,858         | Other receipts from investing activities                                             | 113,549         |
| <b>7,138</b>    | <b>Net cash flows from investing activities</b>                                      | <b>32,464</b>   |

### G19 Cash Flow Statement – Financing Activities

| 2021/22<br>£000 |                                                      | 2022/23<br>£000 |
|-----------------|------------------------------------------------------|-----------------|
| (441)           | Repayments of short and long-term borrowing          | (20,324)        |
| (1,438)         | Other payments and receipts for financing activities | (1,244)         |
| <b>(1,879)</b>  | <b>Net cash flows from financing activities</b>      | <b>(21,568)</b> |

### G20 Reconciliation of liabilities arising from Financing Activities

|                                                        | 1 April<br>2022<br>£000 | Financing<br>Cash<br>Flows<br>£000 | Changes which<br>are not financing<br>cash flows<br>£000 | 31<br>March<br>2023<br>£000 |
|--------------------------------------------------------|-------------------------|------------------------------------|----------------------------------------------------------|-----------------------------|
| Long-term borrowings                                   | (75,766)                | (92)                               |                                                          | <b>(75,858)</b>             |
| Short-term borrowings                                  | (21,025)                | 20,000                             | (8)                                                      | <b>(1,033)</b>              |
| <b>Total liabilities from<br/>financing activities</b> | <b>(96,791)</b>         | <b>19,908</b>                      | <b>(8)</b>                                               | <b>(76,891)</b>             |

|                                                        | 1 April<br>2021<br>£000 | Financing<br>Cash<br>Flows<br>£000 | Changes which<br>are not financing<br>cash flows<br>£000 | 31<br>March<br>2022<br>£000 |
|--------------------------------------------------------|-------------------------|------------------------------------|----------------------------------------------------------|-----------------------------|
| Long-term borrowings                                   | (75,724)                | (42)                               |                                                          | (75,766)                    |
| Short-term borrowings                                  | (21,023)                |                                    | (2)                                                      | (21,025)                    |
| <b>Total liabilities from financing<br/>activities</b> | <b>(96,747)</b>         | <b>(42)</b>                        | <b>(2)</b>                                               | <b>(96,791)</b>             |

**G21 Summary of Capital Expenditure and Sources of Finance**

| 2021/22<br>£000 |                                                                                        | 2022/23<br>£000 |
|-----------------|----------------------------------------------------------------------------------------|-----------------|
| <b>80,357</b>   | <b>Opening Capital Financing Requirement</b>                                           | <b>77,609</b>   |
|                 | <b>Capital Investment</b>                                                              |                 |
| 40,824          | Property, Plant & Equipment                                                            | 75,675          |
| 467             | Intangible Assets                                                                      | 900             |
| 47,989          | Revenue Expenditure Funded from Capital Under Statute                                  | 50,986          |
|                 | <b>Sources of Finance</b>                                                              |                 |
| (9,072)         | Capital Receipts                                                                       | (633)           |
| (81,412)        | Government Grants and other Contributions                                              | (126,144)       |
|                 | <b>Sums set aside from Revenue</b>                                                     |                 |
| (741)           | Direct Revenue Contributions                                                           | (1,469)         |
| (232)           | Minimum Revenue Provision                                                              | (832)           |
| (572)           | Additional Voluntary Provision                                                         |                 |
| <b>77,608</b>   | <b>Closing Capital Financing Requirement</b>                                           | <b>76,092</b>   |
| (2,749)         | Decrease in underlying need to borrow (unsupported by Government financial assistance) | (1,517)         |

## 4.0 Supplemental Information

### 4.1 Glossary of Terms

#### A

**Abbreviations:** The symbol 'k' followed by a figure represents £ thousand. The symbol 'm' following a figure represents £ million.

**Accounting period:** the period of time covered by the accounts, normally twelve months commencing on 1 April. The end of the accounting period i.e., 31 March is the balance sheet date.

**Accounting policies:** Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements.

**Accruals:** Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

**Actuarial gains or losses (Pensions):** For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise either because events have not coincided with the actuarial assumptions made for the last valuation (experience or losses), or the actuarial assumptions themselves have changed.

**Amortise:** To write off gradually and systematically a given amount of money within a specific number of time periods.

**Assets:** Items of worth which are measurable in terms of money.

**Assets Held for Sale:** Those assets, primarily long-term assets, that the Authority wishes to dispose of through sale to others.

#### B

**Bad (and doubtful) debts:** debts which may be uneconomic to collect or unenforceable in law.

**Balances:** the reserves of the Authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.

**Balance Sheet:** a statement of the recorded assets, liabilities and other balances at the end of an accounting period.

**Budgets:** A statement of the Authority's forecast expenditure, that is, net revenue expenditure for the year.

## C

**Capital Adjustment Account:** The account accumulates (on the debit side) the write down of the historical cost of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The same process applies to capital expenditure that is only capital by statutory definition (revenue expenditure funded from capital under statute). The balance on the account represents timing differences between the amount of the historical cost of fixed assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

**Capital expenditure:** Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

**Capital receipts:** Monies received from the disposal of land and other fixed assets, and from the repayment of grants and loans made by the Authority.

**Cash and cash equivalents:** this comprise cash in hand, cash overdrawn and short-term investments which are readily convertible into known amounts of cash.

**Code of Practice on Local Authority Accounting (The Code):** The Code specifies the principles and practices of accounting to give a 'true and fair' view of the financial position and transactions of a local authority.

**Comprehensive Income & Expenditure Statement:** This account summarises the resources that have been generated and consumed in providing services and managing the Authority during the financial year.

**Consistency:** The principal that the accounting treatment of like items within an accounting period and from one period to the next should be the same.

**Contingent Asset:** A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

**Contingent Liability:** A contingent liability is either (i) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or (ii) a present obligation from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

**Corporate & Democratic Core:** The corporate & democratic core comprises all activities which local authorities engage in specifically because they are elected, multipurpose authorities.

**Creditors:** An amount owed by the Authority for work done, goods received, or services rendered but for which payment has not been made.

**Current assets:** which will be consumed or cease to have value within the next accounting period, e.g., inventories and debtors.

**Current liabilities:** amounts that the Authority owes to other bodies and due for payment within 12 months.

**Current Service Cost (Pension):** The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**Curtailment (Pensions):** For a defined benefit pension scheme an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Examples include termination of employee's service through redundancy or amendment of the terms affecting future benefits.

## D

**Debtors:** Monies owed to the Authority but not received at the balance sheet date.

**Defined Benefit Scheme (Pensions):** A pension or other retirement scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Depreciation:** The measure of the wearing out, consumption or other reduction in the useful economic life of an asset.

## E

**Earmarked reserves:** A sum set aside for a specific purpose.

**Emoluments:** Payments received in cash and benefits for employment.

**Estimation Techniques:** methods adopted by the Authority to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

**Events after the Balance Sheet Date:** Events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts are authorised for issue.

**Expected Rate of Return on Pensions Assets:** This is an actuarially calculated estimate of the return on the scheme's investment assets during the year.

**External Audit:** the independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

## F

**Fair Value:** The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**Fees and Charges:** Income arising from the provision of services, for example, charges for the use of leisure facilities.

**Financial Instrument:** Document (such as a cheque, draft, bond, share, bill of exchange, futures or options contract) that has a monetary value or evidences a legally enforceable (binding) agreement between two or more parties regarding a right to payment of money.

**Finance Lease:** A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

**Financial Instruments Adjustment Account:** The reserve records the accumulated difference between the financing costs included in the Comprehensive Income & Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance

## G

**General Fund:** The total services of the Authority.

**General Reserves and Balances:** monies held by the Authority to deal with unforeseen events that might arise. The Authority must maintain a prudent level of such balances.

**Going Concern:** The concept that the Authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

## I

**Impairment:** A reduction in the value of a fixed asset below its carrying amount on the balance sheet resulting from causes such as obsolescence or physical damage.

**Intangible Assets:** An asset that is not physical in nature, e.g., software licences.

**Interest Costs (Pensions):** For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Investment Properties:** Interest in land and buildings where construction work and development has been completed and the asset is held for its investment potential, any rental income being negotiated at arm's length.

## L

**Leasing:** a method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright. The two methods are:

- Operating Leases – may generally be described as those which do not provide for the property in the asset to transfer to the Authority, only the rental will be taken into account by the lessee; or
- Finance Leases – are leases that transfer substantially all of the risks and rewards of ownership of the asset to the lessee. The asset is recorded on the lessee's balance sheet.

**Levies:** similar to precepts, these sums are paid to other bodies. They are items of expenditure on the face of the Comprehensive Income and Expenditure Statement. The body that charges a levy on the Authority is the North East Combined Authority (transport levy).

**Liabilities:** Any amount owed to individuals or organisations which will have to be paid at some time in the future.

## M

**Materiality:** An item is material if its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.

**Minimum Revenue Provision (MRP):** An amount charged by the Authority to the Comprehensive Income & Expenditure Account, for debt redemption or for the discharge of other credit liabilities.

**Movement in Reserves Statement:** The statement shows the movement in the year on the different reserves held by the Authority.

## N

**Net Book Value:** The amount at which fixed assets are included in the balance sheet, being their historical cost or current value less the cumulative amounts provided by depreciation.

**Net Debt:** The Authority's borrowings less cash and liquid resources.

## P

- **Private Finance Initiative (PFI):** public authority/private sector partnerships designed to procure new major capital investment resources for local authorities.

**Property, Plant and Equipment (PPE):** Assets that yield benefits to the Authority and the services that it provides for a period of more than one year. Examples include land, buildings and vehicles.

**Provisions:** These are sums set aside to meet liabilities or losses which have been incurred but where the amount and/or timing of such costs are uncertain.

**Prudence:** This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

**Public Works Loan Board (PWLB):** This is a Government agency which provides loans to local authorities at favourable rates.

## R

**Related Parties:** A related party transaction is the transfer of asset or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. An example could be the purchase, sale, lease, rental or hire of assets between related parties.

**Remuneration:** defined as sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

**Reserves:** These are sums set aside to meet possible future liabilities where there is no certainty about whether or not these liabilities will be incurred.

**Residual Value:** The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

**Revaluation Reserve:** The reserve records the accumulated gains on the fixed assets held by the Authority arising from increases in value as a result of inflation or other factors.

**Revenue Expenditure:** Expenditure on providing day-to-day services, for example employee costs and premises costs.

**Revenue Expenditure Funded from Capital under Statute:** Expenditure which may be properly incurred, but which does not result in an asset owned by the Authority e.g., grants to other organisations for capital purposes.

## S

**Section 73 Officer:** the Council officer designated under Section 73 of the Local Government Act 1972 to take overall responsibility for the financial administration of the Authority.



## T

**Treasury Management:** this is the process by which the Authority controls its cash flow and its borrowing and lending activities.

**Treasury Management Strategy (TMS):** a strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Authority.

## U

**Unusable Reserves:** The Authority cannot use this category of reserves to provide services. Includes reserves that hold unrealised gains and losses (e.g., revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement of Reserves Statement line 'adjustments between accounting basis and funding basis under regulation.'

**Usable Reserves:** Those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

**4.2 Independent Auditor's report to the Members of North of Tyne  
Combined Authority and the Group**

**TO BE INSERTED AFTER THE COMPLETION OF THE AUDIT**

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

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