

Leadership Board

16 January 2018

(14.00 – 15.30)

Meeting held: Committee Room, Civic Centre, Regent Street, Gateshead, NE8 1HH

APPROVED MINUTES

Present:

Councillor : S Henig (Chair)

Councillors: M Gannon, A Kerr, J McCarty, B Pickard and H Trueman

North East Local Mr A Hodgson
Enterprise
Partnership
Member:

60 APPOINTMENT OF CHAIR FOR THE PURPOSE OF THE MEETING

Councillor S Henig, the only Vice-Chair present at the meeting, chaired the meeting.

61 APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillors N Forbes, P Jackson and I Malcolm and Mayor N Redfearn.

The Chair explained that, although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the reports for agenda items 7 (Budget 2018/19 and Transport Levies) and 8 (Capital Programme 2018/19 and Treasury Management Policy and Strategy 2018/19).

Councillor N Oliver, Northumberland County Council, was present as an observer.

62 DECLARATIONS OF INTEREST

Councillor A Kerr declared an interest in agenda item 9 (Project Approvals – South Shields Transport Interchange Local Growth Fund Approval) as the Deputy Leader and representative of South Tyneside Council, the council that was the beneficiary under the proposed scheme. The Monitoring Officer confirmed that dispensation in relation to this interest had been granted and Councillor A Kerr could participate in the consideration of this agenda item.

63 **MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2017**

The minutes of the previous meeting held on 21 November 2017 were approved as a correct record and signed by the Chair.

64 **MINUTES OF THE EXTRAORDINARY MEETING HELD ON 12 DECEMBER 2017**

The minutes of the extraordinary meeting held on 12 December 2017 were approved as a correct record and signed by the Chair.

65 **UPDATES FROM THEMATIC LEADS**

(a) **Economic Development and Regeneration**

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on activity and progress under the Economic Development and Regeneration theme of the Combined Authority.

Members welcomed the progress to date and noted the forthcoming opportunities to promote the North East for investment.

RESOLVED – That the report be noted.

(b) **Employability and Inclusion**

Submitted: An update report of the Thematic Lead for Employability and Inclusion (previously circulated and copy attached to Official Minutes).

Members considered the report which provided information on progress in delivering the Employability and Inclusion and Skills themes of the Strategic Economic Plan.

Members noted the ongoing issue of the impact of Universal Credit on people in the region and the importance of continuing to flag this matter up and lobby the government.

RESOLVED – That the report be noted.

(c) **Transport and Digital Connectivity**

Submitted: An update report of the Thematic Lead for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on activity and progress under the Transport and Digital Connectivity theme of the Combined Authority.

As an update and as highlighted by A Hodgson of the North East Local Enterprise Partnership, Members welcomed the launch of the Strategic Transport Plan and noted the amount of work to be undertaken further. Members also noted the role

and value of Transport for the North in offering a platform for engagement and influencing transport development both regionally and nationally. In welcoming the advantages of the Strategic Transport Plan, including its coverage of three regions, the Chair particularly welcomed the inclusion of A66 across the Pennines as well as the north-to-south routes. In welcoming the great momentum for delivery, he also commented on the importance of participating in and influencing discussions on transport to ensure a fair share for the region.

Members welcomed the recent launch of the Blue Pop Card providing discounted travel for young people on Metro.

Members also welcomed progress with regard to the securing investment in the new fleet for Metro and noted that a substantial amount of work was required to deliver the scheme. A Member suggested that this development presented an opportunity to set out a long-term vision for transport connectivity for the region.

Members also noted the following:

- the importance of continuing to working jointly to prepare proposals to secure funding for transport for the region;
- the importance of alignments of key issues within and across plans and schemes; and
- the disappointment of not being able to bid for 5G Test Bed in the first round of funding and the opportunity for success in the next round.

RESOLVED – That the report be noted.

66 **BUDGET 2018/19 AND TRANSPORT LEVIES**

Submitted:

- i. A report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes); and
- ii. A supplemental report of the Head of Paid Service and Chief Finance Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which set out the 2018/19 revenue budget and transport levies for the North East Combined Authority (NECA).

Members also considered the supplemental report which set out a proposed response to a letter from the North East England Chamber of Commerce, which had been received as part of the 2018/19 NECA Budget consultation and referred to in Appendix I of the main report.

As an update, the Chair explained that although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the report.

RESOLVED – That:

A. The position of Northumberland County Council in supporting the recommendations in the report via a letter to the Leadership Board be accepted;

And

- a) a transport net revenue budget for 2018/19 of £83,647,746 as set out in section 4 of this report be agreed;
- b) the following Transport Levies for 2018/19 be agreed:

a. Durham County Council	£15,696,866
b. Northumberland County Council	£6,150,880
c. Tyne and Wear Councils (detailed in table 6)	£61,800,000
- c) a transport revenue grant to Durham County Council for the delivery of transport services of £15,691,866 as outlined in section 4.4 be agreed;
- d) a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,145,880 as outlined in section 4.5 be agreed;
- e) a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £59,700,000 as outlined in section 4.6 be agreed;
- f) the continuation of funding for the Regional Transport Team as set out in section 4.9 be agreed;
- g) the funding arrangement for the Tyne and Wear Urban Transport Management Centre (UTMC) set out in section 4.10 be agreed;
- h) a budget for the corporate costs of the NECA of up to £374,610, with a continuation of the current contribution of £300,000 paid for by an equal contribution of £42,857 from each of the seven councils in NECA, as set out in section 5, be agreed;
- i) agreement be given to continue a contribution to fund the North East LEP core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714 from each of the councils in the NECA, as part of an estimated budget of £2.96m, as set out in section 6;
- j) agreement be given the continuation of the budget contribution of £140,000 towards inward investment activity, which was paid for by an equal contribution of £20,000 from each of the seven councils in NECA, as set out in section 7, contributing to a total budget for this area of activity of £460,000.
- k) agreement be given to a budget of up to £25,000, funded from interest earned, to provide support for the Skills portfolio and up to £25,000 to fund the Economic Development and Regeneration Advisory Board (EDRAB) portfolio activity, as set out in sections 8;

- l) the Leadership Board noted that the Treasury Management and Investment Strategy and the statement on Minimum Revenue Provision for borrowed capital expenditure for 2018/19 were set out in the report on the Capital Programme on this agenda; and
- m) agreement be given to holding the level of reserves set out in section 9.1, and the Leadership Board noted that the Chief Finance Officer considered this level of reserves to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the NECA.

B. The above resolutions be recorded and take effect as unanimous resolutions of the Leadership Board.

C. The proposed response to the North East Chamber of Commerce be supported.

And

D. Delegated authority be given to the Head of Paid Service in consultation with the Vice-Chairs of the Leadership Board, the Chief Finance Officer and the Monitoring Officer to finalise the response from NECA to the North East England Chamber of Commerce.

67 **CAPITAL PROGRAMME 2018/19 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2018/19**

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

Members considered the report which provided an update on the forecast capital outturn position for 2017/18 of £132.2m and presented the initial 2018/19 capital programme of £176.2m for approval. Approval was also sought for the Treasury Management and Investment Policy and Strategy for 2018/19 and the Minimum Revenue Provision Statement for 2018/19.

As an update, the Chair explained that although Northumberland County Council could not be represented at this meeting, Councillor P Jackson, the Leader of the County Council and Member of the Leadership Board, had submitted a letter confirming that Northumberland County Council supported the recommendations in the report.

It was also noted that work was underway to provide an update on the costs of the Tyne Pedestrian and Cyclist Tunnels and this would be reported to the Transport North East (Tyne and Wear) Sub-Committee and then to a future meeting of the Leadership Board.

As an amendment, it was noted that the status of the International Advanced Manufacturing Park project and Gateshead Quays project should read "approved".

RESOLVED – That:

- (i) the position of Northumberland County Council in supporting the recommendations in the report via a letter to the Leadership Board be accepted;
- (ii) the latest position in respect of the 2017/18 capital programme, set out in section 2, be noted;
- (iii) the proposed approach to maximising Local Growth Fund capital spending in 2017/18, set out in section 2.3 of the report, which will be subject to approval by the North East Local Enterprise Partnership (NELEP) Board, be agreed;
- (iv) the proposed initial capital programme for 2018/19, which amounts to £176.2m, with an estimated outturn spend of £138.7m after taking account of over-programming, as set out in section 3, be approved;
- (v) the Treasury Management Strategy for 2018/19 (including the Borrowing and Investment Strategies) and the Prudential Indicators as set out in Appendix C be approved; and
- (vi) the Minimum Revenue Provision Statement for 2018/19 as set out in Appendix D be approved.

And

B. The above resolutions be recorded and take effect as unanimous resolutions of the Leadership Board.

68 **PROJECT APPROVALS: SOUTH SHIELDS TRANSPORT INTERCHANGE
LOCAL GROWTH FUND APPROVAL**

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

Members considered the report which sought advance approval to the release of Local Growth Fund (LGF) grant which formed part of the programme to be considered at the North East Local Enterprise (LEP) Board meeting on 25th January 2018, in particular the release of LGF grant of £6m for the South Shields Transport Interchange project.

RESOLVED – That:

- i. A grant of £6m for the South Shields Transport Interchange, subject to the approval of the LEP Board and the conditions to be attached to the grant, as set out in section 2, be agreed. The Leadership Board noted that this was in addition to the £3.4m stage 1 grant approval that had been approved by the Leadership Board on 21st March 2017; and
- ii. The Monitoring Officer be authorised to finalise and enter into any legal and grant funding documentation required to enable the approved scheme in this report to proceed.

69 **METRO FUTURES NEW FLEET PROCUREMENT UPDATE**

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

Members considered the report which provided an update on the funding for the Metro Futures Fleet Procurement Programme and sought endorsement for Nexus to begin procurement.

The Chair, on behalf of the Leadership Board, congratulated T Hughes, the Managing Director Transport Operations, and his team on success in securing funding for the new Metro fleet and thanked him and the team for the hard work undertaken to date.

RESOLVED – That:

- i. The government's confirmation that it would directly contribute £337m towards the new fleet and its maintenance be noted;
- ii. Nexus' intended approach to procurement of a new fleet of Metro trains, a new maintenance facility and a long-term fleet maintenance contract as set out in paragraph 2.2 be endorsed; and
- iii. The design features for the new Metro trains that Nexus intended to include in its specification as set out in paragraphs 2.11 - 2.14 be endorsed.

70 **THE SETUP OF A NOT FOR PROFIT COMPANY - COMPANY LIMITED BY GUARANTEE**

Submitted: A report of the Head of Paid Service and Monitoring Officer (previously circulated and copy attached to Official Minutes).

Members considered the report which sought agreement to establishing a company limited by guarantee sitting alongside the current LEP model to be responsible for procuring external funding and the delivery of specific projects in furtherance of the Strategic Economic Plan (SEP).

RESOLVED – That authority be delegated to the Head of Paid Service, on the advice of and in consultation with the Chief Financial Officer and Monitoring Officer, to take all steps necessary or desirable to establish a company limited by guarantee without limitation, to approve the form of the company's constitutional documents and other documents to be filed in connection with the formation of the company.

71 **DATE AND TIME OF NEXT MEETING**

Tuesday, 20 March 2018 at 2pm at South Tyneside.

72 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A press and public be excluded from the meeting for the duration of consideration of agenda

items 14 and 15 (Confidential Minutes of the Previous Meeting Held on 21 November 2017 and Confidential Minutes of the Previous Meeting Held on 12 December 2017) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

73 **CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 21 NOVEMBER 2017**

The confidential minutes of the previous meeting held on 21 November 2017 were approved as a correct record and signed by the Chair.

74 **CONFIDENTIAL MINUTES OF THE EXTRAORDINARY MEETING HELD ON 12 DECEMBER 2017**

The confidential minutes of the previous meeting held on 12 December 2017 were approved as a correct record and signed by the Chair.