

Cabinet

Tuesday, 25 July 2023 at 2.00 pm

Meeting to be held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH

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Contact Officer: Victoria Miller
Tel: 0191 211 5118
Email: Victoria.Miller@northoftyne-ca.gov.uk

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Title: Investment Fund and Funding Approvals Update
Report of: Head of Strategy and Innovation
Portfolio: Investment and Resources

Report Summary

The purpose of this report is to update Cabinet on progress with the North of Tyne Investment and UKSPF programmes. This includes £12m of new UKSPF funding approvals and £1.1m of further Investment Funding in line with previously agreed strategic funding. These resources will support the following projects:

- **£184,304** of investment into a community hub in Wallsend, which will provide a physical space for the co-location of integrated health and work interventions, to support residents to progress and secure employment.
- **£4,500,000** of funding into three new Community Partnerships, to support investment in a range of local priorities, with projects predominantly being brought forward by the VCSE sector.
- **£1,000,000** into a new Volunteering and Social Action programme, which will improve the capacity and governance of organisations seeking volunteers, whilst also creating new volunteering opportunities.
- **£2,984,397** to support the growth of the cultural and creative sector, providing business support alongside grant, loan and equity financial investment.
- **£300,000** of funding into the North Shields Cultural Quarter to bring forward affordable and flexible workspace for cultural and creative businesses, alongside improvement works to gallery space.
- **£930,000** of investment into local tourism and events, supporting projects across the NTCA area; collectively these will encourage new visitors, raise the profile of various smaller operators, increase footfall to local businesses and provide a great offer to residents:
- **£1,651,058** to support entrepreneurship and the growth of early-stage SMEs, social enterprises, and not-for-profit organisations
- **£1,498,897** to deliver scaleup support to more established SMEs, with specialist and targeted advice helping more businesses to grow and increase employment.

These projects build on previous Investment Fund commitments of £124.6m, which are expected to create 5235 jobs. Good progress is being made with the NTCA's UK Shared Prosperity Fund programme, with total commitments increasing to £31.0m, more than half of the total funding.

Recommendations

Cabinet is recommended to:

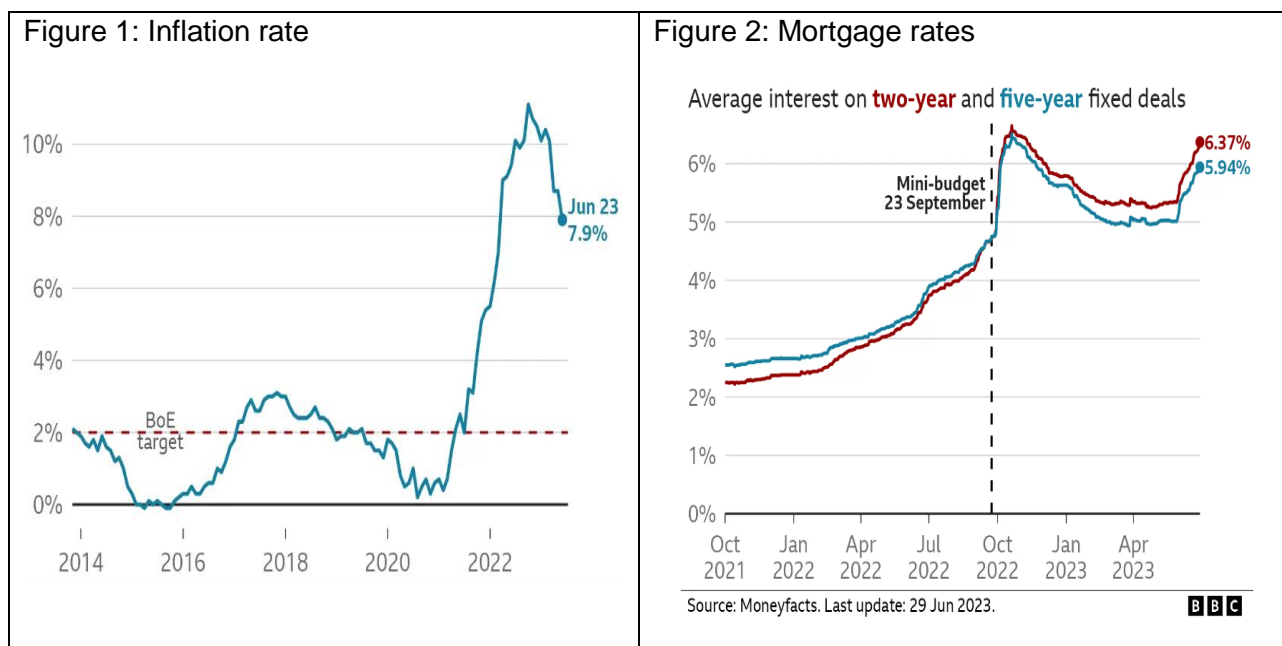
1. Note progress to date on the Investment Fund and UKSPF, achievement of key milestones and ongoing project development work, particularly in respect of the creation of new jobs for residents as a direct result of our investments.
2. Approve £184,304 of funding for the 'Working Well North Tyneside' project, which will be led by North Tyneside Council.

3. Authorise the Chief Executive to make final approvals and associated decisions relating to implementation, in accordance with existing delegations, for the £13.1m of projects described in this note, using Investment Fund and UKSPF resources.
4. To note that the NTCA has been asked by Government to bring forward a Local Nature Recovery Strategy for the area and to agree that Northumberland County Council develops and prepares this Strategy; and
5. Accept the award of £285,000 of financial resources provided to the NTCA by Government for the preparation of the Local Nature Recovery Strategy, which is in addition to the £48,804 of seed funding previously awarded, and to delegate approval to the Director of Finance to agree the scope and terms for delivery of this work with Northumberland County Council.

Context

1. Background and Economic Context

- 1.1. The latest data show that the UK inflation rate has eased back from its recent peak. But it remains high relative to other countries and well above its 2% target (Figure 1). The prices of many essential household items continue to increase rapidly – with oil, sugar and cheese prices all up by more than forty percent. Even excluding these, and other food and energy prices, the measure of ‘core inflation’ remains high, pointing to widespread goods and services prices inflation. More positively, supermarkets have been reporting that they expect price increases to continue to moderate over the next few weeks and months.
- 1.2. Persistently high inflation has led to further interest rate rises by the Bank of England. These in turn have translated into a spike in mortgage rates (Figure 2). This will have a direct impact on household finances; the BBC has estimated that nearly a million households across the UK will see their mortgage bills increase by £500 per month by the end of the year. Unsurprisingly this is leading to financial pressure on households and the Office for National Statistics has found that 40% of adults are now finding it difficult to afford their rent or mortgage payments, up from 25% a year ago.



- 1.3. Despite the weak UK economy, the latest data from the Office for National Statistics show a big reduction in unemployment in the North East, with the rate falling to 3.5% -- its lowest since records began more than 30 years ago. Nevertheless, the level of ‘economic inactivity’ remains high; there

are 25,000 residents in the NTCA who are categorised as ‘inactive’ but who are out of work and want a job, including many who are unable to work due to poor health.

- 1.4. Against this backdrop, the Combined Authority continues to invest to support inclusive economic growth, and this report provides updates on:
- delivery of the Investment Fund, including substantial progress towards our 10,000 new jobs target;
 - good progress with our UK Shared Prosperity Fund programme, including £12m of new project approvals, taking the total to £31m – over half the NTCA’s 3-year allocation.

2. Investment Fund Progress

- 2.1. Delivery of the Investment Fund Programme continues, with 148 projects approved since the launch of the Combined Authority, providing direct support to residents, promoting business growth and investing in our communities. These projects are expected to create 5235 jobs, more than half of our thirty-year target. The first 1716 new jobs have been created and verified, with North East residents employed as a direct result of NTCA investment. In addition, 1810 roles have been confirmed as safeguarded. Job creation has been from new businesses to the region – including Verisure and Xplor – as well as existing businesses, supported through a spectrum of NTCA’s interventions, ranging from our Innovation Grants to Sector Growth Programmes.
- 2.2. Excluding the projects discussed in this report, the Combined Authority has in place contracted Investment Fund spend of almost £125m (Figure 2), including commitments and expenditure to 2029-30. Over £50m of this funding has now been paid by the NTCA.

Figure 2: NTCA Investment Fund, project approvals to date



- 2.3. The Combined Authority has also achieved a range of other outcomes including:
- More than 110 businesses have signed up to the NTCA’s Good Work Pledge, while 60 Schools have signed up to the Mental Health Award;
 - 27,697 Adult Education Budget learning opportunities being delivered this year;

- Over 1700 residents have been supported through the NTCA’s Skills Bootcamps, with the NTCA recently securing an additional £9.2m of funding for a further phase of Bootcamps.
- Ten brownfield housing schemes have been supported so far, with a total NTCA contribution of £19.749m. The NTCA is making good progress on its Brownfield Housing Fund [BHF], with another 4 projects currently being appraised and collectively valued at over £11m. The ten approved BHF projects are forecasting the creation of 1805 housing units, while our extended pipeline accounts for a further 620 units. We are therefore expecting to overachieve against our target of 2,100 units.

3. Working Well Hub North Tyneside

Proposal Name	Working Well North Tyneside
Lead Organisation	North Tyneside Council
Delivery Areas	Wallsend, North Tyneside
Timescales	1 st September 2023 to 31 st August 2024
Project Value	£262,304
Amount requested	£184,304

- 3.1. Working Well North Tyneside is a community hub approach, focused on integrating work and health interventions to support residents to progress and secure employment. Phase 1 of the Working Well approach opened in October 2022 within the Beacon Shopping Centre in North Shields, and has proven to be extremely successful, with over 2700 residents accessing the service in the first 6 months of opening. The Working Well approach is contributing to the delivery of Employment Partnerships (previously funded by NTCA) by providing a physical space for the co-location and collaboration of services.
- 3.2. At its July meeting, Investment Panel considered a request for £184,304 to implement Phase 2 of the Working Well Hub approach in North Tyneside – recommending it for approval. This funding will deliver a hub within the Wallsend Customer First Centre. In addition to providing support to residents, comparison with the existing North Shields Hub to evaluate how differences in approach affect the take up of employment and skills services. It is anticipated that this project will start in September 2023 and run for a 12-month period.

4. Shared Prosperity Fund Update

- 4.1. As previously discussed by Cabinet, the NTCA was allocated funding of £47.1m for ‘core-UKSPF’, £4.1m for the ‘Multiply’ adult numeracy programme and £3.0m of Rural England Prosperity Funding. Following an intensive programme of consultation – with events attracting around 600 participants – the NTCA submitted Investment Plans ahead of Government’s deadlines.
- 4.2. UKSPF investment will, alongside our other funds and programmes, enable us to:
- Maximise the benefits of our Economic Growth Corridors (the Northumberland Line; the Arc of Energy Innovation between Blyth and the Tyne; and our Urban Core), creating more opportunities for residents, businesses and communities
 - Grow businesses in important growth sectors (clean energy, digital, health & life sciences, professional services, culture and tourism), creating new high-quality jobs, supporting innovation, and boosting productivity.
 - Build an inclusive economy, ensuring all our residents benefit from economic growth and prosperity by investing in skills and access to good quality jobs, supported by our Good Work Pledge.
 - Deliver sustainable growth by accelerating the net zero transition in our economy and communities.
 - Invest in our rural economy and communities recognising the opportunities presented by our unique environment and land assets, as well as the specific challenges facing rural areas.

- Support confidence with numbers, money management and progress towards formal numeracy qualifications through the Multiply Programme.

4.3. Good progress is being made with the UKSPF. Including the projects highlighted below, a total of £31m of project funding for the core-UKSPF, Rural England Prosperity Fund (REPF) and Multiply Programmes has now been approved (table 1) – well over half the £54.2m allocation received from Government.

UKSPF Investment Priority	Total approvals (£m)
Communities & Place	11.7
Supporting Local Business	11.9
People & Skills	3.2
Rural England Prosperity Fund (REPF)	1.5
Multiply Programme	2.7
TOTAL (UKSPF + REPF + Multiply)	31.0

Note: allocation = £54.2m

4.4. Recent UKSPF project approvals include:

- Investment of £4.5m into Community Partnerships in the Outer West, Inner West and North of Newcastle; Southeast Northumberland; and communities in the NW of North Tyneside. Each Partnership will co-ordinate grant schemes which will be primarily directed towards supporting **VCSE sector organisations to deliver a variety of local projects** that will contribute to creating more opportunities for local residents to engage in community life and civic action and strengthen the VCSE sector in the target areas. The Partnerships will be co-ordinated by the Local Authorities alongside representatives from the VCSE sector, health, education and employment sectors.
- £1m into a new **Volunteering and Social Action programme**, which will strengthening the volunteer offer to all residents, including those who have protected characteristics; improve the infrastructure, training and governance of organisations seeking volunteers; and create new volunteering opportunities. The programme will be led by North Tyneside Voluntary Organisations Development Agency (VODA) in partnership with Connected Voice, Northumberland CVA, Volunteering Matters, Community Action Northumberland (CAN), Blyth Valley CVA and The Key.
- £3.0m to support the **cultural and creative sector**, providing a mixture of business support – alongside grant, loan and equity investment – to support the growth of the sector. This funding will be drawn from the UKSPF and NTCA Investment Fund and extend the existing successful programme, which is being delivered by Creative UK, until March 2025. It is expected that this project will work with 200 small businesses.
- £300,000 of funding into the **North Shields Cultural Quarter** with renovation works to two existing buildings, enabling them to be quickly brought into use as cultural assets. This includes investment into The Cultural Business Centre, which will offer affordable and flexible workspace for cultural and creative businesses, alongside investment into the neighbouring Globe Gallery - helping attract more visitors to the area and animating the Cultural Quarter.
- £930,000 of investment into **supporting local tourism and events**, through supporting a number of projects which will collectively encourage new visitors to the area, raise the profile

of smaller-scale operators, increase footfall to support businesses and provide a great offer to local residents:

- The *Smiley Art Trail 2024*, will provide a series of giant, bright, emojis across North Tyneside to increase footfall and provide an affordable day out. This follows in the footsteps of the successful 'Morph's Epic Art Adventure' trail held last Winter.
 - The *Novum*, or Newcastle Summer Festival. This is a cultural festival in Newcastle and centred around a series of commissioned and curated installations and performances from a wide range of artistic disciplines, alongside high value community driven content.
 - The *Illuminated Sheep and Festival of Flame*, delivered by Queen's Hall Arts in Hexham, which will allow the Sheep to appear at NTCA events and community locations, while the Festival of Flame will enhance the winter offer in Hexham, Northumberland.
 - *The Mouth of the Tyne Collective*, which brings together dozens of local venues, promoters and international artists outside of the Mouth of Tyne festival's main weekend. The event will drive new visitors into the area, raise ambition and heighten the awareness of the various smaller operators in the area.
 - *The Active Travel Corridors* project will improve the ability of cyclists to build an itinerary and book accommodation along Hadrian's Wall and the Northumberland Line corridor.
 - *The Alnwick Winter Trails* programme will build on the success of Alnwick Garden's Christmas Light Trail, and the anticipated increase in visitors to the new Lilidorie attraction, by providing an engaging and entertaining winter experience for visitors, encouraging visitors to explore further into Alnwick town centre.
 - *The Destination Delivery Partnership marketing campaign* will be aimed at attracting independent travellers, alongside working with travel trade operators, to showcase the best of the region.
- £1.65m of funding to support the **creation and growth of micro businesses, SMEs, social enterprises and not-for profit organisations** – with activity being delivered by a range of organisations including the Business and IP Centre in Newcastle (and its regional spokes), The Millin Charity, Reviving the Heart of the West End and the Business Factory in North Tyneside. Support to businesses and entrepreneurs will include a range of on-line self-guided learning and 'on-the-ground' activity.
 - £1.5m of funding to deliver a programme of specialised **scaleup support to SMEs**, providing them with the inspiration, skills and resources to scale their operations and grow their business and jobs. RTC North has successfully tendered to deliver this activity, with Gateshead Council providing additional funding so that the project can also support businesses in their area.

4.5. Over the remainder of this year, the NTCA will launch a number of further calls using UKSPF funding, including for business start-up and growth, skills development and employment support.

5. Local Nature Recovery Strategies

5.1. National Government recently set out proposals for local areas to prepare Local Nature Recovery Strategies [LNRS]. LNRSs are designed as tools to drive more co-ordinated, practical and focused action to help nature, and will identify the priorities for nature recovery, map the most valuable existing habitats and develop and map specific proposals for creating or improving habitat. These 'spatial strategies for nature' will cover the whole of England, with Northumberland one of five local authorities chosen to pilot the process in 2020-21.

- 5.2. The regulations and associated guidance as to what LNRSs should contain were published in March 2023. Formally, the Defra Secretary of State appoints a 'responsible authority' to lead the preparation, publication, review and re-publication of the strategy. In addition to working with a wide range of stakeholders in each area, responsible authorities are asked to align and join-up with neighbouring LNRSs and organisations, which is a commitment made by all regional Local Authorities in the North East.
- 5.3. Following discussions between DEFRA, the 7 local authorities in the North East of England and the NTCA, the following LNRS geographies have been defined:
- North of Tyne (to include Newcastle, North Tyneside, and Northumberland)
 - South of Tyne (to include Gateshead, South Tyneside and Sunderland)
 - Durham
- 5.4. The Secretary of State for the Department for Environment, Food and Rural Affairs has confirmed that the NTCA will be the Responsible Body for the preparation of a North of Tyne LNRS. Given Northumberland County Council's experience as a pilot authority for LNRS, it is recommended that they are asked lead the development of the LNRS on behalf of the Combined Authority, working in partnership with Newcastle City Council, North Tyneside Council, Northumberland National Park Authority and Natural England, all of whom have been designated as Supporting Authorities.
- 5.5. Government is providing funding to the Responsible Bodies to meet the cost of preparing the LNRSs, with £0.285m allocated to the NTCA. It is recommended that an agreement for this funding – and previous seed funding of £48,804 – is drawn up with Northumberland County Council for the preparation and publication of the North of Tyne LNRS.

6. Confidential Appendix

- 6.1. Appendix 1 is a report which asks for Cabinet approval of funding for a project. The details of the project are confidential at the time of publication. If the details and subject are permitted to be shared at the time of decision, the Appendix will be made public and the decision taken in the open part of the Cabinet meeting.

B. Impact on NTCA Objectives

Programme delivery as described in the report is consistent with the priorities set out in NTCA's corporate plan and UKSPF delivery plan.

C. Key risks

Programme risks are managed in line with agreed processes and individual project risks have been considered as part of the application and appraisal process.

D. Financial and other resources implications

All the proposed project approvals set out in this report have been identified to be funded from the Investment fund or UK Shared Prosperity Funds.

E. Legal implications

The Monitoring Officer's comments have been included in this report, and the Monitoring Officer will continue to oversee subsidy control compliance.

F. Equalities implications

The NTCA seeks to actively narrow inequality under the terms of the Equality Act 2010 and we will undertake an equality impact assessment for funding requests, in accordance with the agreed process.

G. Inclusive Economy and Wellbeing implications

The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria. The activity described within this report is considered to positively support the Inclusive economy priorities of the Combined Authority, particularly by supporting the development new jobs and through an intensification of community engagement.

H. Climate Change implications

Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority, including by supporting businesses to reduce their emissions as part of the business support programmes.

I. Consultation and engagement

Stakeholders are engaged in the development of project proposals and, as far as possible, wider engagement has been sought in the development of the programme – particularly the UK Shared Prosperity Fund, where consultation included VCSE organisations, businesses, other stakeholders and MPs

J. Appendices

Appendix 1 – Investment Fund Update and Funding Approvals – Confidential Project Report

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

K. Background papers

None

L. Contact officer(s)

Rob Hamilton, Head of Strategy and Innovation
rob.hamilton@northoftyne-ca.gov.uk Tel: 0191 277 8947

M. Glossary

NTCA	North of Tyne Combined Authority
SME	Small to Medium Enterprise
UKSPF	UK Shared Prosperity Fund
BHF	Brownfield Housing Fund



Report Summary

This report is the first quarter monitoring report to Cabinet on the 2023/24 financial position. The report brings together the forecast financial position for the Corporate budget, Investment Fund, Brownfield Housing Fund, UK Social Prosperity Fund (UK SPF), Adult Education Budget (AEB), Bootcamps.

Recommendations

The Cabinet is recommended to note the 2023/24 forecast budget monitor position for the Combined Authority as set out in Section 2. Corporate Budget, Section 3 Investment Fund (including capital spend), Section 4 UK Social Prosperity Fund (UKSPF) including Rural England Prosperity Fund and Multiply, Section 5 Brownfield Housing Fund, Section 6 AEB, Section 7 Bootcamps and Section 8 Reserves position.

Context

1. Introduction

- 1.1 Cabinet approved the 2023/24 budget on 31 January 2024. Included in that budget was the estimated expenditure across the year for the Corporate Budget, Investment Fund, Brownfield Housing Fund, UKSF, Adult Education Budget and Bootcamps.
- 1.2 The 2023/24 Q1 budget monitor reflects the continued development of the Combined Authority in terms of the establishment of the authority's staffing structure, and the systems required to support the delivery and monitoring of projects and programmes aligned with its vision based on current information and trajectory of delivery of programmes and projects.
- 1.3 The North of Tyne Combined Authority enters year 6 of delivery after successfully passing the first five-year gateway review securing ongoing funding for continued and increased delivery, £136.6m has been contracted to date. Since the budget for 2023/24 budget was approved, the Combined Authority has been awarded regional capital monies (£15.350m) from the Department of Levelling up Housing and Communities for three specific schemes. Creative Growth Programme is another new area of delivery the Combined Authority are acting as accountable body for the North East seven local authorities. UK SPF continues to gain momentum alongside Multiply and Rural England Prosperity Fund. Adult Education Devolved Budget alongside Bootcamp funding continues to deliver against the NTCA's Strategic Skills Plan targeting a number of priority sectors i.e., tech and digital, green growth and energy, health and ageing and longevity to help meet skills shortages in the area.

2. Corporate Budget

- 2.1 The Corporate Budget is set at a net zero position covering the costs associated with the capacity required to deliver across all portfolios.
- 2.2 Table 1 overleaf reflects the 2023/24 forecast position across the key income and expenditure heads within the Corporate Budget head.
- 2.3 Gross expenditure is anticipated to exceed budget by £0.316m at this point in the new financial year, £0.302m of this is in relation to an increase in employee expenditure. There are now 93 staff directly employed by the Combined Authority, reflecting the increase in delivery on new areas of

externally funded activity such as Net Zero North East, Energy Hub and Accelerator and Power to Change and supporting North East Devolution Transition. Other costs include the accommodation budget (£0.350m), costs are anticipated to exceed budget by £0.014m as the reduced lease costs received in the first two years comes to an end. The accommodation budget has previously reflected an underspend against budget (2022/23 outturn £0.265m).

Table 1: Q1 2023/24 Corporate Budget Monitor

	2023/24	20223/24 Q1 Spend	Forecast	Variance
	£m	£m	£m	£m
Expenditure				
Staffing	4.786	1.042	5.084	0.299
Mayor's Office	0.288	0.058	0.291	0.003
Other Costs	2.078	0.520	2.092	0.014
Contribution to Reserves	0.500	0.500	0.500	0.000
Transport Levy	30.561	7.640	30.561	0.000
SLAs	0.271	0.068	0.271	0.000
Total Expenditure	38.483	9.828	38.799	0.316
Income				
Grant Income	(7.211)	(2.038)	(7.527)	(0.316)
Constituent Authority Contributions	(0.111)	0.000	(0.111)	0.000
Contribution from Reserves	(0.600)	(0.150)	(0.600)	0.000
Transport Levy	(30.561)	(7.640)	(30.561)	0.000
Total Income	(38.483)	(9.828)	(38.799)	(0.316)
Net Position (Inc)/Exp	0.000	0.000	0.000	0.000

2.4 Gross income reflects an increase in other contributions (£0.266m) relating to Net Zero North East, Energy Hub and Energy Accelerator activity and increase in Investment Fund Workstream activity (£0.050m). Bootcamp Wave 4 grant income (£9.230m) has been confirmed awarded since the 2023/24 was approved, providing an increased top slice of £0.839m compared to the £0.675m estimate assumed in the budget.

3. Investment Fund

3.1 Delivery of the Investment Fund continues, with £136.582m of contracted spend and over 148 projects approved since the launch of the Combined Authority, providing direct support to residents, promoting business growth and investing in our communities. These projects are on track to create 5,235 jobs, with the first 1,716 new jobs created and 1,810 jobs safeguarded.

3.2 Table 2 overleaf reflects the Investment Fund by Portfolio in line with the Corporate Plan and shows spend to date and forecast spend by the end of the financial year 2023/24 against the original Investment Fund allocation.

Table 2: Investment Fund Spend to Date and Forecast Spend at 31/3/2024

	IF Allocation £m	Spend to Date £m	Forecast Spend 31/3/2024 £m
Clean Energy, and Connectivity	7,245	4,080	7,232
Culture, Creative and Rural	18,683	6,182	13,589
Education, Inclusion and Skills	16,604	6,565	13,516
Green New Deal and Connectivity	9,000	382	8,430
Housing, Land and Development	23,455	2,479	15,755
Jobs, Innovation and Growth	47,478	18,403	29,347
Social Economy and Communities	2,117	1,766	1,892
Investment and Resources	10,000	10,000	12,000
Total	134,582	49,857	101,761

- 3.3 Table 2 illustrates the significant progress made in decisions and actions to deliver the overall Investment Fund programme since the establishment of the Combined Authority with contracted committed spend of £136.582m (£12m relates to the corporate contribution). Although financial performance in terms of spend to the end of 30 June 2023 is £50.357m the forecast spend position by the end of the financial year reflects a substantial increase. This reflects many projects coming into their final year of delivery against the original set of allocations.
- 3.4 Included in the budget is a provision for Technical Support, this is a requirement of the Assurance Framework that Investment Fund proposals are subject to external independent testing. Any unspent budget provision for this support has been transferred to a specific reserve at the year end to support the delivery of this programme of work in future years.
- 3.5 The Investment Fund includes the spend on capital schemes, Table 3 below lists these projects.

Table 3: Capital Schemes within the Investment Fund

	2023/24 £m	2024/25 £m
North Shields Fish Quay	0.242	
CCZ – North Tyneside	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	0.317	
North Bank of the Tyne EZ Phase 2	1.000	2.444
Bates Clean Energy Terminal	0.113	
Clean Energy Park, Howdon Yard and Quay	0.038	
Technology Development Centre	1.000	1.000
NEP1 Battle Wharf	0.741	
Neptune & Swans Energy Parks Enabling Work	0.141	
Total	10.349	3.444

- 3.6 In addition to the above capital schemes funded from the NTCA Investment Fund, £15.350m of capital funding was provided by 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, all schemes will be complete by 2023/24 Qrt.2. Table 4 shows the three schemes identified for this additional capital spend.

Table 4: £15.350m Capital Funding

Capital Project	Allocation £m	Spend to Date £m	Spend to Qrt.2 2023/24 £m
Port of Tyne -Tyne Clean Energy Park	8.000	6.414	8.000
Sunderland City Council – Sunderland Studio Development	5.500	2.119	5.500
North Tyneside Council – North Shields Town Square	1.850	0.308	1.850
	15.350	8.841	15.350

3.7 Creative Growth Programme

Department for Digital Culture Media and Sport (DCMS) launched its Create Growth Programme in June 2022, reflecting the fact that ‘creative industries’ is one of the fastest growing sectors of the UK economy. Six successful local area partnerships were awarded approximately £1.275m in grant funding to deliver targeted business support to high growth potential creative businesses. The Northeast Create Growth Programme (CGP), convened by the NTCA, is one of the six successful partnerships.

North East Create Growth Programme is designed to support 100 creative businesses with high-growth potential, between the seed and scaling stages, from across County Durham, Gateshead, South Tyneside, Sunderland, Newcastle, North Tyneside and Northumberland with the support and the investment they need to grow their business and turn their innovative creative ideas into the leading creative businesses of the future. Four key target sectors of growth have been identified: IT/Software and computer services (with a focus on CreaTech; Gaming, AR/VR and E-sports), Design/Designer Fashion, Publishing, and Film and TV.

Funding was confirmed to North of Tyne Combined Authority acting as Accountable Body for the seven north east local authorities for financial year 2022/23 of £425,000, this was carried forward on the balance sheet to match spend in 2023/24. Funding for £425,000 based on performance will be allocated for the financial year 2023/24 and 2024/25.

DCMS Create Growth Programme - North East	2022/23 £m	2023/2024 £m	2024/25 £m	Total Programme £m
Marketing and Events	-	0.029	0.019	0.048
Delivery Programme	-	0.465	0.419	0.883
Project Delivery and Staff Overheads	-	0.193	0.151	0.344
Total Budgeted Expenditure	-	0.687	0.588	1.275
Funding	(0.425)	(0.425)	(0.425)	(1.275)

4. UK Social Prosperity Fund (UK SPF)

- 4.1 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. The table includes the Rural England Prosperity Fund (REPF) a £110m top-up to the UKSPF allocated to eligible rural authorities to support activities that specifically address the challenges rural communities face. North of Tyne was allocated £3.044m capital funding specifically targeted at Northumberland, but recognising the important connection between our rural, coastal and urban economies. which has now been approved.
- 4.2 Table 5 below reflects the spend to date in 2022/23 and the committed spend to date for 2023/24, in advance of further projects included in the Investment Fund update to Cabinet in the agenda today.

Table 5: UK Social Prosperity Fund (UKSPF) and Rural England Prosperity Fund (REPF) Profile to 2023/24

UKSPF Investment Priorities	Total Allocation		2022/23 Spend to Date		2023/24 Committed Spend to Date	
	Revenue £m	Capital £m	Revenue £m	Capital £m	Revenue £m	Capital £m
Community and Place	11.137	4.115	1.407	0.155	2.809	0.818
Supporting Businesses	13.814	4.528	-	-	3.777	-
People and Skills	11.609	-	-	-	3.184	-
Rural England Prosperity Fund	-	3.044	-	-	-	0.500
Administration Top-Slice (4%)	1.522	0.359	0.241	-	-	-
Total UKSPF and Rural England Prosperity Fund	38.082	12.046	1.648	0.155	9.770	1.318

- 4.3 Multiply Funding is a separate funding stream that forms part of UKSPF overall programme and is aimed at boosting funding for adult numeracy enabling local areas to deliver more innovative approaches to reach more people. The funding profile and committed spend to date is shown below in Table 6.

Table 6: Multiply UKSPF Spend Profile

UKSPF Multiply	Total Allocation	2022/23 Spend	2023/24 Committed Spend to Date
Multiply Programme	3.715	1.089	1.296
Administration top slice (10%)	0.413	0.125	0.114
Total UKSPF Multiply	4.128	1.214	1.410

5. Brownfield Housing Fund (BFH)

- 5.1 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.

- 5.2 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.
- 5.3 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.
- 5.4 Table 6 shows the projected programme with current allocation of funds.

Table 6: Projected programme with current allocation of Brownfield Housing Fund

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	Total
	£m	£m	£m	£m	£m	£m
Initial Funding Profile	4.854	8.100	6.700	3.100	1.100	23.854
Extended Funding Profile	0.000	0.000	4.753	2.674	0.524	7.951
Combined Funding Profile	4.854	8.100	11.453	5.774	1.624	31.805
Projected spend as of 30/06/2023	0.636	3.228	1.046	16.417	8.669	31.277
Actual spend as of 30/06/2023	0.636	3.228	1.046	0.059		5.000

- 5.5 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.
- 5.6 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 during 2023/2024 and into the final year 2024-25 as a number of pipeline schemes begin on site works.
- 6. Adult Education Budget (AEB)**
- 6.1 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.
- 6.2 NTCA's devolved AEB Budget for the period 1 April 2023 to 31 March 2024 is £24.535m. Additional £1.233m for the delegated Free Courses for Jobs (FCFJ) Offer has been awarded for this financial year bringing the total AEB Budget for 2023/24 to £25.768m.

- 6.3 Under delivery in previous years has meant that a proportion of unallocated funds were held in reserve at the end of 2022/23 due to under delivery as a result of the Covid Pandemic. Providers have been working hard to increase participation and are reporting an increased confidence from learners and employers. This has resulted in an increased uptake in learning opportunities.
- 6.4 In recognising the increased uptake in learning opportunities a delegated decision was taken in May to increase the value of 7 AEB Grant Agreements where providers were able to demonstrate increased demand and forecasted over-delivery by the end of the 2022-23 academic year (AY). year. The financial implications of this are set out in Table 7 below, alongside the AEB financial update and the FCFJ financial update. The AEB budget includes a 3% top slice allocation to fund corporate related activity allocation.

Table 7: AEB and FCFJ 2023/24 Spend Profile including Growth Allocations

Table 7 below reflects the AEB and the Free Courses for Jobs funding for 2023/24 financial	2023/24 AEB Financial Year		
	2023/24 Allocation	2023/24 Spend to Date	2023/24 FY Forecast
	£	£	£
AEB	23.823	5.956	23.823
FCFJ	1.233	0.308	1.233
Corporate top slice	0.712	0.178	0.712
Growth Allocations	3.603	0.901	3.603
Total	28.139	7.035	28.139
2023/24 AEB and FSFJ Funding	(24.536)	(6.134)	(24.536)
AEB Funding Reserve	(3.603)	(0.901)	(3.603)
Total Funding	(28.139)	(7.035)	(28.139)
Net Funding Position	0.000	0.000	0.000

- 6.5 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.

7. Skills Bootcamps

- 7.1 NTCA 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. For 2023/24 NTCA were allocated £10.530m for Bootcamp Wave 4. 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.
- 7.2 Table 8 overleaf shows the remaining financial position on Wave 3 Bootcamps, 50% of the funding plus the 10% top slice was provided upfront (£3.017m) from DfE in 2022/23, of this there is a remaining balance to be delivered against of £1.206m. Bootcamp Wave 4 funding will be provided 50% upfront plus the top slice funding of 10% with the remaining amounts to be claimed in arrears as claims are paid out. It is anticipated that all Bootcamp Funding will be spent in full by the end of financial year 2023/24.

7.3 **Table 8: Skills Bootcamps 2023/24 Budget Monitor**

	2023/24 Budget	2023/24 Q1 Spend	2023/24 Forecast	Variance
	£m	£m	£m	£m
Bootcamp Wave 3 remaining balance	1.206	0.243	1.206	0
Bootcamp Wave 4	9.477	0.466	9.477	0
Bootcamp Wave 4 top slice	1.053	1.053	1.053	0
Total Expenditure	11.736	1.762	11.736	0
Bootcamp Wave 3 Funding	(1.206)	(0.243)	(1.206)	0
Bootcamp Wave 4 Funding	(10.530)	(1.519)	(10.530)	0
Total Income	(11.736)	(1.762)	(11.736)	0

8. **Reserves Position**

8.1 The forecast position on reserves held on 31 March 2023/24 are detailed below in Table 9.

Table 9: NTCA Reserves forecast position at 31 March 2023/24

NTCA Reserves			
	Opening Balance 2023/24	Movement to and from Reserves	Balance on Reserves at 31/03/2024
	£m	£m	£m
Strategic Reserve	(0.200)	0.000	(0.200)
Investment Fund Reserve	(48.196)	29.615	(18.581)
Election Fund Reserve	(1.850)	(0.500)	(2.350)
Adult Education Budget Grant	(8.760)	3.603	(5.157)
Skills Bootcamps Wave 2	(0.015)	0.015	0.000
Department of Levelling Up Housing & Communities Capital Grant	(12.302)	12.302	0.000
Create Growth Programme	(0.425)	0.425	0.000
United Kingdom Social Prosperity Fund	(3.950)	3.950	0.000
Strategic Capacity Reserve	(1.252)	0.000	(1.252)
Bootcamp Wave 3	(1.134)	1.134	0.000
Net Zero North East England	(0.151)	0.151	0.000
Brownfield Housing Fund	(12.726)	9.388	(3.338)
Reserves less than £0.100m	(0.247)	0.247	0.000
Total Reserves	(91.208)	60.330	30.878

8.2 Based on the forecast position at Q1 the position on the Investment Fund Reserves will decrease to £18.581m based on the current trajectory on the Investment Fund. The level of the Investment Fund Reserve reflects Investment Fund monies received to date of £120.000m.

8.3 Prior years unallocated Adult Education Budget funds of (£3.603m), will be allocated to providers demonstrating over delivery. Department of Levelling up Capital Grant received late in March 2023 will all be drawn down by quarter 2. Create Growth Programme will also spend the full allocation in 2023/24 and should receive another tranche of £0.425m to meet expenditure. Other grant reserves held less than £0.100m total £0.247m and relate to Preparing to Exit EU grant (£0.051m), Multiply (£0.033m), Defra Grant funding (£0.085m), DCIA Grant (£0.026m), Redmond Review funding in relation to external audit (£0.026m) and Bootcamp Wave 2 (£0.014m) and a small reserve in relation to Project Management System maintenance reserve (£0.009m). The Strategic Reserve continues to be maintained at £0.200m in line with the Reserves and Balances

B. Impact on NTCA Objectives

1. The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. The 2022/23 budget position against which the budget is monitored against demonstrates the Authority has properly discharged its functions and assisted in delivering the Authority's vision, policies, and priorities.

C. Key risks

1. There are no specific risks relating to this report.

D. Financial and other resources implications

1. This report sets out the financial and resource implications which have arisen during quarter 1 of 2023/24.
2. The Mayor and Cabinet need to have due regard to the Director of Finance's advice in relation to the levels of reserves and balances in accordance with the Authority's Reserves and Balances Policy.

E. Legal implications

1. The Combined Authority has a legal obligation under the Local Government Act 2003 to have regard to the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice; the Chartered Institute of Public Finance and Accountancy's Prudential Code: Capital Finance in Local Authorities and the Department of Levelling up Communities and Housing Statutory Guidance on Local Government Investments.
2. The Combined Authority is required to agree a balanced budget annually and to monitor performance against that budget throughout the year. The Combined Authority must also make provision for an adequate level of un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

F. Equalities implications

1. There are no direct equalities implications arising out of the recommendations in this report.

G. Inclusive Economy and Wellbeing implications

1. There are no direct inclusive economy implications arising from the recommendations in this report.

H. Climate Change implications

1. There are no direct climate change implications arising out of the recommendations in this report

I. Consultation and engagement

1. The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2023/24 budget was subject to wide consultation across the North of Tyne Region. The constituent authorities have been consulted directly on the production of the 2023/24 Budget and 2022/23 Outturn statement.

J. Appendices

None

K. Background papers

31 January 2023 NTCA Budget Report

L. Contact officer(s)

Janice Gillespie, Director of Finance Janice.gillespie@northoftyne-ca.gov.uk

M. Glossary

AEB	Adult Education Budget
NTCA	North of Tyne Combined Authority
Core-UKSPF	UK Shared Prosperity Fund
DCMS	Department of Culture Media and Sport

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

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