

## North of Tyne Combined Authority, Overview and Scrutiny Committee

Tuesday 6 December 2022 at 1.00 pm

Meeting to be held: Committee Room, Newcastle Civic Centre

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### AGENDA

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1. <b>Welcome and Introductions</b>	
2. <b>Apologies</b>	
3. <b>Declarations of Interest</b>	
4. <b>Minutes of the meeting held on 11 October 2022</b>	<b>1 - 8</b>
5. <b>Cabinet Member Briefing - Education, Inclusion and Skills</b>	<b>9 - 18</b>
In attendance: Cllr Karen Kilgour, Cabinet Member for Education, Inclusion and Skills	
6. <b>Adult Education Budget update</b>	<b>19 - 38</b>
In attendance: Cllr Karen Kilgour, Cabinet Member for Education, Inclusion and Skills and Leigh Mills, Head of Inclusive Growth	

7. **Child Poverty Prevention Programme update** **39 - 46**
- In attendance: Cllr Karen Kilgour, Cabinet Member for Education, Inclusion and Skills & Adrian Dougherty, Head of Public Service Innovation
8. **Poverty Truth Commission** **47 - 54**
- Cllr Karen Kilgour, Cabinet Member for Education, Inclusion and Skills & Adrian Dougherty, Head of Public Service Innovation
9. **Culture, Creative and Tourism update** **55 - 64**
- In attendance: Councillor Glen Sanderson, Cabinet Member for Culture, Creative and Rural
10. **2022/23 NTCA Q2 Budget Monitor Report** **65 - 84**
- In attendance: Janice Gillespie, Director of Finance
11. **NTCA Draft Budget Proposals 2023-2027** **85 - 110**
- In attendance: Janice Gillespie, Director of Finance
12. **Date and Time of Next Meeting**
- 1pm on Tuesday 17 January 2023 at Newcastle Civic Centre

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## North of Tyne Combined Authority, Overview and Scrutiny Committee

11 October 2022

(1.04 - 3.27 pm)

Meeting held: Collingwood Suite, Civic Centre, Newcastle upon Tyne, NE1 8QH

### Minutes

#### Present:

Chair: C Seymour

Councillors L Wright, G Stone, J Harrison, J Kirwin, J Shaw and L Bowman

Also: Mayor J Driscoll

#### 12 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting and introductions were made.

#### 13 APOLOGIES

Apologies for absence were received from Councillors J Beynon and S Fairlie.

An apology for absence was also received from R Hamilton, Chief Economist, North of Tyne Combined Authority.

#### 14 DECLARATIONS OF INTEREST

Councillor G Stone declared an interest in agenda item 8 (Investment Fund Update), specifically the Town and High Streets programme due to professional involvement.

#### 15 AGREE THE MINUTES OF THE MEETING HELD ON 5 JULY 2022

**RESOLVED** – That the minutes of the meeting held on 5 July 2022 be approved as a correct record and signed by the Chair.

## 16 **MAYOR'S BRIEFING**

Submitted: Mayor's Briefing (previously circulated and copy attached to Official Minutes).

Mayor J Driscoll introduced the briefing paper, highlighting the following matters: the achievements regarding the delivery of programmes and projects; the Combined Authority's approaches to working and the level of innovation achieved; the challenges being incurred and their impact; and the Combined Authority dedication to driving improvements for the region.

In addition to the information on the wide range of projects and programmes that were being progressed by the Combined Authority, the committee also noted the following aspects, as highlighted by Mayor Driscoll:

- the Combined Authority's emphasis on collaborative approach to working;
- the importance of working with the private sector and the role of leverage;
- the wide-ranging geographical inclusion;
- the volume of projects that had been delivered successfully, especially in deprived areas, which were characteristically difficult to achieve progress in;
- the success achieved in the number and quality of the jobs created;
- the collaboration with the Voluntary, Community and Social Enterprise (VCSE) sector;
- the innovative approaches to working with stakeholders;
- the good progress achieved overall;
- the key external challenges affecting the Combined Authority's work;
- the challenges included the extremely short deadlines, including in relation to spending requirements;
- the strengths of a combined authority in having a Mayor; and the role of Mayor Driscoll in discussions with the Government, specifically in lobbying on behalf of the Combined Authority.

Mayor Driscoll then took the opportunity to express thanks to all teams that were involved in the Combined Authority's work to deliver improvements for the region.

Mayor Driscoll welcomed the ongoing engagement with the Overview and Scrutiny Committee and praised the value of the collaborative approach to working.

### **Questions and Answers**

The committee members then asked questions of Mayor Driscoll and Mayor Driscoll provided responses, the summaries of which are set out below.

### **Investment Zones**

The Mayor explained that the Combined Authority could not influence policies of the Government and had to work to overcome challenges that were arising as a result of such policies, including through focusing on the Combined Authority's role and ambition to do the best for the region, whilst continuing discussions with the Government.

Regarding the progress with Investment Zones, the Combined Authority had expressed an interest to the Government and was working with the constituent local authorities to bring forward potential sites.

Whilst understandably there were many risks involved, such as the risk of displacement, the Combined Authority continued its work on Investment Zones to explore this further; assurance would be sought that there would be no deregulation on environmental protection.

### **Retrofitting**

The Mayor confirmed that the Government position on retrofitting was not ideal; and there were challenges associated with this area of work, including: costs and delivery. Work continued to identify and secure additional sources of funding and appropriately trained and skilled workforce to enable delivery.

### **The progress of delivery of the Local Growth Fund and the role of the Mayor**

The Mayor agreed that there were challenges associated with the lack of certainty and stability of the current environment, including in relation to funding; and this was a UK-wide issue.

Explanation was also offered on various elements of the Mayor's role in supporting the delivery of the programme. The Mayor worked with business community in the region, including Confederation of British Industry and North East England Chamber of Commerce to name a few. The Mayor worked to support and promote wide regional engagement and inward investment.

### **Progress of the Draft Devolution Deal**

The Mayor explained the volume, depth and duration of the work on the latest Draft Devolution Deal, making references to the relevant history and background.

Information was provided on the stages of development of the Draft Deal and the stages of discussions with the Government. References were made to the role of the Government in this matter; the impact of Durham County Council exploring opportunities; the fact that the new Draft Deal was now fully drawn; the confidentiality of the details within the Deal; and the likely timescales involved.

The Mayor gave an overview of the additional powers and funding that the new Draft Devolution Deal could mean for the region, including in relation to public transport, brownfield housing, improving skills and tackling child poverty; and commented on its good quality.

It was noted that the committee would receive more information in due course and most likely at its next meeting.

The next steps for the new Draft Devolution Deal would include submitting it to the proposed constituent local authorities for agreement to commence public consultation and then for the proposed constituent authorities to agree to progress with the deal and a Mayoral election in May 2024.

### **The importance of improvement of bus services in the region**

Whilst the Metro and rail services were crucial for the economic development of the region, and substantial progress had been achieved to improve, sustain and reinstate these services (and the Mayor provided examples), they should be considered in the context of integrated transport and include a variety of measures, including for example “Park and Ride” facilities.

The Mayor confirmed the importance given to improving bus services, and gave an example of such work, including a recent successful bid to the Government, which had resulted in the region receiving more funding than many other areas in the country.

Whilst the Metro had a substantial economic benefit for the region, it was not self-funding. The Mayor briefly explained the challenges involved.

The Mayor confirmed that work continued to improve public transport services across the region, including bus services.

### **The importance of improvement of electric car charging infrastructure in the region**

The Mayor agreed and referred to the importance the Combined Authority placed on the Green New Deal for the region. He also explained that the responsibility for the provision of electric car charging infrastructure sat with individual local authorities.

### **Mayoral Ambassador for the VCSE sector**

It was the Mayor’s and the Combined Authority’s idea to appoint a Mayoral Ambassador for the VCSE sector; and Mr R Fry had been working in this capacity until recently as he had been successful in applying for a position with the Combined Authority and was now an employee. Ms L Goodwin, the Chief Executive of Connected Voices was now in the role.

### **Financial support for dealing with the impact of the cost of living crisis**

Although it was difficult to forecast full impact, there were many challenges predicted as a result of the cost of living crisis; and these could be particularly acute in rural areas. Information was offered to the committee on relevant projects of the Combined Authority, which covered the wide geography of the region, including rural areas. More detailed information on the Spacehive projects, their purpose, value and location, would be provided in writing.

It was noted that the Combined Authority’s child poverty prevention programme was working and making a big difference.

Explanation was also offered on the position with the crowdfunding platform; and the potential changes in thresholds to reflect the impact of the living cost crisis.

### **The impact of the cost of living crisis on the Combined Authority’s work**

The Mayor agreed that it was the Government who should be held responsible for their decisions and the resultant impact. Explanation was offered on the strength of the Combined Authority, including: its resilience; the nature of projects and interventions that allowed the Combined Authority to continue to work to tackle poverty; and the Authority’s ability to deliver projects fast. Importantly, one of the strengths of the Combined Authority was its focus on co-design, which meant



working closely with people of the region to understand their needs. The Authority had a good understanding of the regional poverty profile and the chain reaction involved. And whilst, nationally, poverty was worsening, it was not new, and the Combined Authority was working continuously to devise and implement plans to tackle regional issues.

#### **Thanks to the Mayor and the Combined Authority**

The Chair, on behalf of the committee, thanked Mayor Driscoll for the update and for his work and commitment.

The Overview and Scrutiny Committee welcomed the progress achieved and commended the Combined Authority for its work.

### **17 GROWTH PLAN, LEVELLING UP AND DEVOLUTION - PRESENTATION**

H Kippin, the Chief Executive of the Combined Authority, delivered a Power Point presentation (copy attached to Official Minutes) on the current position with the Growth Plan, the Levelling Up agenda and Devolution, outlining key challenges, explaining the Combined Authority's approaches and offering an indication of the next steps.

The Chair, on behalf of the committee, thanked H Kippin for the update and the clear explanation.

### **18 NORTH EAST LOCAL ENTERPRISE PARTNERSHIP UPDATE**

Submitted: A report of the Chief Executive, North East Local Enterprise Partnership (previously circulated and copy attached to Official Minutes).

H Golightly introduced the report which provided an update on the work of the North East Local Enterprise Partnership (LEP), the outcome of the national LEP Review and progress to date of the Annual Delivery Plan for 2022/2023.

In response to a committee member's question, H Golightly agreed that all key stakeholders, including LEP and local authorities, had to do more with less resources; and this position was accepted as standard. The LEP's approach was to work in collaboration with all stakeholders, focusing on how political aspirations could be achieved with the available resources.

Partners were now in the final stage of delivering the Local Growth Fund. And despite some slippage in its delivery, which was due to a variety of reasons relating to the economic and business environment, many outputs had been achieved as planned.

Regarding the progress achieved on Enterprise Zones, this was a complex picture with a variety of levels of success.

In response to a question of how the region would go forward despite the challenges that were affecting the delivery of major projects and perhaps the importance of having realistic expectations within the context of the current environment, H

Golightly explained that the region remained ambitious and continued to plan ahead, whilst relying on its capacity, resilience and expertise.

Due to the challenges of the current environment, prioritising was key. Strategies were then developed around priorities. Importance was also given to ensuring everyone was kept informed.

Regarding the impact of the current financial environment on LEP and its wider plans, H Golightly explained that the organisation continued to work to make a difference, whilst operating within revised policies and a revised financial envelope.

A member asked for further information on the commercially sensitive two red statuses in the LEP's Delivery Plan; it was agreed that a response would be provided in writing.

**RESOLVED** – That the report be noted.

## 19 **INVESTMENT FUND UPDATE**

Submitted: A report of the Chief Economist, North of Tyne Combined Authority (previously circulated and copy attached to Official Minutes).

H Kippin, Chief Executive of the North of Tyne Combined Authority (NTCA), introduced the report which provided an overview of progress of the NTCA Investment Fund. It included a case study on the NTCA Towns and High Streets programme and an update on the NTCA Shared Prosperity Fund Investment Plan.

Regarding the committee members' comments about the challenging position of the regional towns and high streets, the need to improve them and the role and value of the Towns and High Streets programme of the Combined Authority, H Kippin gave an overview of the approach used by the Combined Authority as part of the programme. The approach included ensuring a right mix of interventions for an area. This was achieved through the bottom-up approach, whilst also testing and learning; all to ensure a realistic and sustainable result.

A member gave an example of deprivation of a famous town in West Yorkshire and, in comparison, praised the Combined Authority for its work and achievements, especially within the context of tackling deprivation within the North of Tyne region. It was important that this invaluable work continued.

H Kippin agreed with the committee members' comments about the fast-changing environment, the importance of future proofing within the context of the NTCA Towns and High Streets programme and the importance of striking a balance between encouraging people into town centres and minimising their carbon footprint. He reiterated that the Combined Authority was working bottom-up to ensure future proofing and sustainability of the programme, asking questions and co-designing. A member recommended that this approach should continue.

**RESOLVED** – That the progress to date on the Investment Fund be noted.

## 20 **2022/23 NTCA Q1 BUDGET MONITOR REPORT**

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

J Gillespie introduced first quarter budget monitoring report on the 2022/2023 NTCA financial position. The report brought together the forecasted financial position for the Corporate, Investment Fund, Brownfield Housing Fund and Adult Education budget and provided an indication of the potential position of the Combined Authority on 31 March 2023. The report also set out the potential position on the reserves at the year end. It was noted that the report had been approved by the NTCA Cabinet on 19 July 2022.

**RESOLVED** – That the report be noted.

## 21 **2023-27 NTCA FINANCIAL PLANNING AND BUDGET PROCESS**

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

J Gillespie introduced the report which provided information on the 2023-2027 Financial Planning and Budget Process. The report outlined the process to be adopted for the Authority's Financial Planning and Budget Process for 2023/24 as part of the proposed framework for the four years 2023/24 to 2026/27.

It was noted that further reports would follow as part of the process of setting the Authority's Budget for the financial year 2023/24. The next report to Cabinet would be available on 22 November 2022; and it would outline the initial Budget Proposals. It would then be brought to the Overview and Scrutiny Committee on 6 December 2022, followed by the Overview and Scrutiny Committee's Budget Workshop on 10 January 2023 to consider in detail the Authority's draft Budget Proposals and make recommendations to Cabinet.

In response to a member's question, J Gillespie confirmed that it was considered to be the best practice to produce a medium-term plan for beyond a twelve-month period. Explanation was also offered on the summary of differences in financial planning for the Combined Authority and constituent local authorities. It was easier for the Combined Authority to plan ahead because it did not rely on elements such as council tax and business rates.

In response to a question relating to the Strategic Reserve figure, J Gillespie explained that the amount reflected the level of risk that the Combined Authority was facing and was considered appropriate. It should be noted that the Combined Authority was in control of its delivery, not at risk of clawback and could recycle. If required, the amount allocated for Strategic Reserve could be amended in future and would be part of the Combined Authority's Treasury Management approach.

Explanation was also provided on the position with borrowing. In response to a member's question, J Gillespie explained that there was scope to borrow and to negotiate the cap on borrowing. Should borrowing be required, the Combined Authority would develop relevant principles, which would be shaped with members,

including the Overview and Scrutiny Committee. There were no significant borrowing requirements envisaged for the near future.

Explanation was also provided on the position with lending out.

**RESOLVED** – That the report be noted.

22 **DATE AND TIME OF NEXT MEETING**

Tuesday, 6 December 2022 at 1pm at Newcastle Civic Centre.

The Overview and Scrutiny Committee has invited Cabinet Members to a committee meeting to provide the committee with an update on the work and plans of their portfolio area.

This briefing at the 6 December 2022 Overview and Scrutiny Committee meeting will be from **Councillor Karen Kilgour, Portfolio Holder for Education, Inclusion and Skills**.

### **Education, Inclusion and Skills Portfolio overview**

This portfolio delivers activities that widen opportunities, create new training and job openings, close gaps and provide the skills pipeline for our future industries and sectors. It does this through major investments in adult education, employability and inclusion, and through innovation in employment support in partnership with DWP. A joint school improvement programme across North of Tyne maximises DfE investment to best support all children, with a focus on our most vulnerable. The three workstreams within this portfolio are adult education and skills, inclusive economy and education improvement.

Our North of Tyne vision is of a dynamic, sustainable and more inclusive economy; one that brings together people and opportunities to create vibrant communities and a good quality of life. We have an ambition to narrow inequalities and ensure that everyone has a stake in our region's future.

NTCA is working hard to achieve this vision, to advocate for good employment practices and a more equitable economy, where we create wealth and distribute it fairly, through local re-investment and growth.

We understand the strong link between health, wealth and the economy. We also understand that some of our communities and people are locked out of opportunities for good health, good jobs and financial security. That is why we have put actions to address inequality, poverty and poor educational attainment at the centre of our work.

Our greatest asset is the resilience of our people and places. The skills, tenacity and ambition of our residents will continue to make the North of Tyne an exciting area for businesses to invest in, partners to work in, and people to live and thrive in.

Our ambition for a more inclusive North of Tyne is built on three key aims:

1. Creating a more social and inclusive economy - one which promotes wellbeing across all communities by ensuring wealth is retained locally and distributed more equitably.
2. Addressing inequality and poverty, enabling our residents to access opportunities at every stage of their lives.
3. Driving better coordination of education, skills, employment and health activities to help more people move into good work, and progress in work.

These aims are central to our approach, working in partnership and co-designing with our local authorities, stakeholders and residents.

### **1. Inclusive Economy Board**

- 1.1. At the heart of the North of Tyne devolution deal is Inclusive Growth and the creation of an 'Inclusive Economy Board' (IEB). The IEB was established in March 2020, meets quarterly and

brings together organisations and individuals who, together, support the North of Tyne to be the home of ambition for all.

- 1.2. The IEB is chaired by Baroness Tanni Grey-Thompson, one of Britain's most successful sports people, having broken over 30 World Records and representing Britain at 5 Paralympic Games. In 2010 Tanni was appointed to the House of Lords as a crossbencher and serves as a member of the House of Lords Committee on a National Plan for Sport and Recreation. Outside of her distinguished athletics career, Tanni has worked closely with a range of charities, public sector organisations and businesses following her retirement. She was appointed President of National Council for the Voluntary Organisations in 2012 and has also served as a Board Member for BBC, a Chair of Trustees for the Duke of Edinburgh Award and is a UNICEF Ambassador.
- 1.3. The purpose of the IEB is to advise, support, challenge and influence 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.
- 1.4. The IEB also provides robust governance around a strategic approach to better integrate and strengthen education, skills and employment interventions to improve local education and employment outcomes for North of Tyne residents. The Board acts in an advisory capacity to the NTCA Cabinet, to support the delivery of NTCA's inclusive economic growth ambitions
- 1.5. The IEB has overseen the initiatives, projects and programmes detailed in this report.

## 2. Good Work Pledge

- 2.1 A key element of NTCA's ambitions for an inclusive economy is ensuring that our residents not only have access to work, but also to 'Good Work'. This is work that provides, amongst other things, security, skills, progression opportunities, promotes health and wellbeing and a decent standard of living, helping to ensure that the North of Tyne area is productive and thriving.
- 2.2 The NTCA Good Work Pledge is a straightforward framework showing what good employment looks like. All types of businesses based in our area and those that we fund are encouraged and expected to sign up to the Good Work Pledge to show their commitment to offering good work to their employees.
- 2.3 The pledge consists of five 'pillars' of best practice:
  - i. **Promoting Health and Wellbeing.** You provide a safe working environment and provide opportunities for your people to develop healthy lifestyles, especially positive mental health.
  - ii. **Developing a Balanced Workforce.** You invest in training and progression for employees – planning for now and for the future. Inclusiveness and equity are central to your work
  - iii. **Valuing and Rewarding your Workforce.** You pay a fair wage, offer extra benefits and provide security and job fulfilment for your people wherever possible.
  - iv. **Effective Communications and Representation.** You promote trust and fairness by valuing and listening to your employees and involving them throughout the organisation.
  - v. **Demonstrate a Social Responsibility.** You contribute to our area by buying locally, thinking green and supporting your people to 'give back' through volunteering or community action.
- 2.4 All Pledge applications are assessed against the published criteria for each Pillar, and then an award can be made at one of two levels
  - i. **Standard Level.** Must be able to demonstrate that you can meet or are actively working towards any two of the five available pillars and submit a case study demonstrating this work in practice.
  - ii. **Advanced Level.** Must be able to demonstrate that you can meet or are actively working on the criteria for all five pillars and submit a case study demonstrating this work in practice.
- 2.5 NTCA's Good Work Pledge currently has 78 employers signed up across the region, to either standard or advanced awards. In total, this means that there are approximately 80,000 employees who are working in conditions that promote the pillars' criteria, such as being paid the Real Living Wage and supported by inclusive policies at work

### 3. Child Poverty

- 3.1 A progress report on the NTCA Child Poverty Prevention Programme has been provided to the Overview and Scrutiny Committee for consideration as a separate item at its meeting on 6<sup>th</sup> December 2022.

### 4. Digital Inclusion

- 4.1 In 2020 NTCA invested £686,250 in a pilot scheme to provide access to digital hardware during the covid-19 lockdowns. This scheme delivered over 2,700 Chromebooks across the North of Tyne footprint through local council networks. The evaluation of the pilot recommended:
- Building institutional knowledge on digital exclusion and inclusion, with regular data collection across the North of Tyne to build a longitudinal data set to support targeted provision
  - Improving coordination through a leading central body for digital inclusion
  - Continuing to innovate and test scalable projects that respond to the complex nature of digital exclusion
- 4.2 NTCA has committed to investing in activities that tackle digital exclusion, working closely with organisations and residents with direct experience of the issue. We have recently completed a process to award a delivery partner to scope a 'digital living standard' for the North of Tyne area, exploring how that standard could be defined and piloted across the North of Tyne footprint. This pilot will build on the learnings of the 2020 digital inclusion project and the North East LEP's 2022 digital inclusion strategy and address the digital inclusion goals of the North of Tyne Digital: Future Connectivity Plan and NTCA's Corporate Plan.

### 5. Education Improvement

- 5.1 The NTCA Education Improvement pilot is currently delivering in North of Tyne schools against a set of five priorities defined through stakeholder engagement. Since the last update to Overview and Scrutiny Committee, a Senior Programme Manager has been appointed, the pilot has launched and work with schools has begun. Notable progress against priorities includes:

#### 1) Supporting the education recovery of North of Tyne pupils most affected by COVID 19

- The *Inspire Project* supporting education and childhood recovery in schools through school-led recovery grants is underway in 12 schools. Projects include outdoor learning & Forest School, re-engaging families, literacy & oracy, mental health & family engagement.
- Leeds Beckett University (Carnegie School of Education) has been appointed to provide an NTCA Mental Health Award, available for *every school* across North of Tyne. The award will provide a development framework for schools to benchmark and improve upon their mental health and wellbeing provision. Best practice will be collated and shared across schools.
- Research is being carried out into local, national and international best practice to support schools to build strong blended learning curricula. This work will be shared across schools at an event later this academic year, where a compendium of best practice will be made available.

#### 2) Supporting the development of our teachers and school leaders

- A cohort of 36 school advisers from across North of Tyne have begun work to achieve accreditation through the Association of Education Advisers. This work will help to build a strong network of school improvement staff across organisations including Local Authorities, Multi Academy Trusts, Newcastle Research School, Three Rivers Teaching School Hub and individual schools.
- The first cohort of a *North of Tyne Linking Leaders* Programme has seen leaders from 12 schools working collaboratively on a curriculum development project. The focus has now moved to linking subject leaders across the original group and a second cohort of 18 new schools has now begun.

#### 3) Improving transition into, and between schools

- A transition project across 10 secondary/high schools and their respective feeder schools is underway, with a career and employability focus.

- A pilot to extend Northumberland County Council's school readiness passport into Newcastle and North Tyneside early years settings is underway. Development of the necessary platform is in progress.

#### **4) Supporting schools in challenging contexts**

- Target schools have received funded access to an early literacy programme *Launchpad for Literacy*, with 130 schools participating.
- Literacy leads participating in the National Professional Qualification for Leading Literacy are being supported by NTCA with development and research grants to improve literacy outcomes for the most disadvantaged pupils in their school.
- A review of Alternative Provision will launch across the North of Tyne area early in 2023.

#### **5) Improve career pathways for North of Tyne pupils**

- An ambitious NTCA careers curriculum programme is currently being delivered to support curriculum leaders in 10 North of Tyne schools. The initial focus is on STEM (Science, Technology, Engineering and Maths) subjects, with a particular focus on Physics. This work sees local employers closely collaborating with curriculum leaders in secondary schools, embedding careers pathway learning into the existing curriculum. The reach of this work will expand throughout the academic year.

### **6. North of Tyne Employability Plan**

- 6.1 Within the NTCA Devolution Agreement there is a commitment for NTCA and DWP to jointly develop and adopt an Employment Support Framework - to drive the better coordination of employment, skills and health services across the North of Tyne area in order to increase the number of residents moving into work.
- 6.2 The Framework prioritises:
- Our role as system leaders to respond to future challenges/opportunities
  - Piloting innovative place-based activity
  - Health and unemployment
- 6.3 To help inform future investment and to learn from past activity it was agreed with the IEB that we needed to develop a more evidence-led approach to labour market demand which will allow us to understand the scale of need, anticipated changes in employment and skills provision and a rationale for future interventions.
- 6.4 In response to this a North of Tyne Employability Plan has been developed, providing an opportunity for NTCA and our partners to adopt a cohesive approach to employment support across the North of Tyne.
- 6.5 The North of Tyne Employability Plan has been developed with the input of stakeholders and partners, including our three constituent local authorities, CBI Economics, the Centre for Progressive Policy and the Inclusive Growth Network. It outlines how organisations will work together to co-design solutions that underpin productivity, innovation, entrepreneurialism and pride within our workforce and economy. Partner and delivery organisations across North of Tyne are encouraged to refer to this strategy and reflect it in their own plans knowing that collectively we will be working towards the same strategic ambitions.
- 6.6 The Plan provides an overview of the priorities and employability interventions required to support our inclusive economy, and which are likely to have the greatest impact in terms of addressing the barriers to employment residents face and supporting growth. Over the next 2-3 years we will, along with our partners, focus our efforts on the following priorities:
- Provide employment support for the most disadvantaged
  - Develop local community-led and place-based approaches
  - Support people with long-term health conditions, through the development of integrated employment programmes
  - Provide good quality jobs



6.7 These priorities have been informed by data and lessons learned from previous employability programmes, enabling NTCA and partners to improve on the support provided. By delivering these priorities we believe that our residents will be able to access the most appropriate, timely support and our employers will be encouraged to create good, sustainable work opportunities.

6.8 The North of Tyne Employability Plan is published on the NTCA website here:  
<https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/10/Employability-Plan-digital2.pdf>

## **7. Employment Partnerships**

7.1 Employment Partnerships, which are an evolution of and build on the North of Tyne Youth Employment Partnerships, bring together NTCA, our three constituent Local Authorities, DWP and employability and skills providers across the region to support the engagement and coordination of support for job seekers of all ages, including engagement with employers, and identifying gaps and duplication within provision.

7.2 NTCA is the sole funding source for the Employment Partnerships. The Partnerships are led by our Local Authorities, with investment focussed on adding value to the existing system, supporting engagement and co-ordination of support for our residents, and the brokerage of opportunities with local employers.

7.3 Funding is available to employ an Employment Partnerships Coordinator and an Employer Engagement Coordinator in each Local Authority, to work as part of a wider cross-organisational team, to develop and implement a coordinated employment and skills offer to improve the job prospects of residents in North of Tyne.

7.4 Established in September 2022, Employment Partnerships will:

- Develop a shared understanding of employability provision in each Local Authority area, to support maintaining and sharing up to date information about employability provision available locally
- Develop an Employment Partnerships Communications Plan, setting out the priorities for delivery of briefings, employability events and other marketing and publicity
- Agree local employment support plans, to strengthen local partnership arrangements
- By the end of 2024, engage with 420 businesses in the delivery of Partnership activities
- Inform NTCA, DWP and other investment plans on an ongoing basis

## **8. Employment and Skills Programme**

8.1 The NTCA Employment & Skills Programme supports an inclusive economy in the North of Tyne area by enabling good quality and locally tailored employment support interventions that will add value to existing support for unemployed and economically inactive residents.

8.2 The NTCA Employment & Skills Programme consists of four projects match funded by the NTCA Investment Fund and the European Social Fund (ESF). Overall, the projects are anticipated to support approximately 2600 people.

### **i. Changing Lives – Get Ahead North of Tyne**

This project provides tailored support to individuals with multiple and complex barriers to move into job search and/or gain employment; providing a range of structured training courses for individuals; tackling barriers around financial exclusion; providing a work placement programme and delivering the project on-line including virtual job clubs and virtual business visits. This project commenced on 1<sup>st</sup> April 2021 and is scheduled to end delivery on 31<sup>st</sup> December 2023.

## **ii. Gateshead College – North East Skills Hub**

This project delivers specific pre-employment and engagement activities to help long-term unemployed/economically inactive people tackle barriers to working and focus on progression into sustainable employment and increased participation in education and training. Working with a range of sector employers, the project concentrates on engineering & manufacturing technologies and construction & built environment. This project started delivery in March 2022 and will end delivery on 31<sup>st</sup> December 2023.

## **iii. Groundwork – Northern Directions**

This project has two aims: to support young people, aged 16-24 not in employment, education or training (NEET) to move into employment; and identify the suitable learning and development opportunities for those young people. Groundwork engages with external providers such as training organisations, colleges and employers to deliver a tailor-made provision that meets the needs of the individual. This project commenced on 1<sup>st</sup> May 2021 and is scheduled to end delivery on 31<sup>st</sup> October 2023.

## **iv. North East Autism Society (NEAS) – Diversity North East**

This project seeks to improve the employability of people who are neurodivergent or have a learning need, increasing their economic engagement and prospects of obtaining and progressing in employment. Diversity North East is being delivered by a newly formed partnership between Azure Charitable Enterprises and NEAS. This project commenced on 21<sup>st</sup> April 2021 and is scheduled to end delivery on 28<sup>th</sup> February 2024.

## **9. Return to Work – Carers**

- 9.1 The original intention of this pilot project was to support carers who were disengaged from the labour market for two years or more to engage with local employers offering a range of inclusive routeways to work such as internships and work experience with training. However, the impact of Covid 19 on carers and employers required the project team to re-assess the purpose, reach and opportunity of the programme.
- 9.2 In response, a number of changes were made to the project in January 2021, including extending the reach of the project to young carers and carers who have recently found themselves out of work (e.g. not just those who have been out of work for 2 or more years), updating the delivery model to be more tailored to individual needs, and the end of the project was extended for 12 months to reflect the significantly reduced engagement on the programme during the pandemic lockdowns and restriction periods. The project is now scheduled to end on 31<sup>st</sup> March 2023, with a target of supporting 300 carers to move closer to the job market by this date.
- 9.3 The Project delivery partners are Carers Northumberland, North Tyneside Carers' Centre and Newcastle Carers, who are the three main carer support organisations in the North of Tyne. The three carer support organisations have recruited Carers into Work Advisors (one each in locality) who provide specialist support to carers, assessing their support needs, exploring options to overcome or reduce barriers, building skills and confidence and supporting them to take up the employment opportunities created from this project.
- 9.4 An external evaluation is running alongside the project delivery to support and encourage the project team and the Steering Group to access and reflect on 'live' data from project delivery, on a 'test and learn' basis. This has enabled adjustments to be made to the model and method of delivery where required to improve performance on an ongoing basis, supporting ongoing learning and strengthening partnership working.
- 9.5 A total of 230 carers have started on project since outset, which is on track to meet target by the end of the project. 103 carers have exited the project to date, of which 30 were in education or training on leaving, 8 were volunteering on leaving and 68 were in employment on leaving.
- 9.6 Participant feedback is sought by the project team throughout the duration and a recent case study is attached as Appendix 1.

## **10. Adult Education Budget**

- 10.1 A progress report on the Adult Education Budget has been provided to the Overview and Scrutiny Committee for consideration as a separate item at its meeting on 6 December 2022.

## **11. Skills for Growth**

- 11.1 NTCA's Cabinet agreed to allocate £5m to support Skills for Growth to ensure that NTCA funding for innovation and targeted investment in key sectors was underpinned by the development of a skills and talent pipeline. Priorities for this funding were further refined through the agreement of sector narratives. Key investments for the Skills for Growth Fund were agreed as follows:

- Skills for Digital Innovation and Growth
- Green Growth Skills programme
- Creative People: Skills for the Culture, Creative and Tourism Sector

- 11.2 In Autumn 2021, NTCA launched calls for Expression of Interest (EOI) for innovative skills projects linked to NTCA's Skills for Growth Fund. Thirty-seven proposals were received at EOI stage and ten were shortlisted and invited by NTCA's Investment Panel to develop full business cases for project delivery.

- 11.3 The Skills for Growth projects represent a diverse mix of skills provision which form part of a cohesive Skills for Growth Programme, providing innovation in both the supply and demand for skills and building an active and employer-led response to the talent requirements of our inward investing companies.

- 11.4 The projects have been developed with employers at the helm to provide local training opportunities with insight into the skills demand and shortages in the sectors. The programmes will deliver employer backed training which will principally focus support on the higher-level skills interventions that are likely to have the greatest impact in terms of addressing sectoral and technical skills deficits, re-training needs and supporting recovery and growth. Over 2000 participants will be supported, 600 are targeted to gain employment and 362 apprenticeship opportunities will be created as a result of the programme.

## **12. Skills Bootcamps**

- 12.1 For financial year 2022-23, NTCA worked with the Department for Education to secure an additional £5m from the Government's National Skills Fund for the development of Skills Bootcamps in the North of Tyne area.

- 12.2 This is a significant additional skills investment into our region and has the potential to deliver new opportunities to generations of adults who may have been previously left behind.

- 12.3 Skills Bootcamps are free, flexible courses of up to 16 weeks for adults aged 19 or over. They give people the opportunity to build up valuable sector-specific skills based on local employer demand and provide a direct path to a job on completion.

- 12.4 NTCA held a procurement exercise in Spring 2022 and provision was secured in a range of sector areas which included: digital; logistics; engineering; construction; green skills; and culture and events.

- 12.5 Sector-specific skills provision is now being delivered in partnership with employers in our region, enabling them to fill specific skills shortage vacancies.

## **13. Multiply**

- 13.1 NTCA has been allocated £4.1m (from the UK Shared Prosperity Fund) over the next three years for the national 'Multiply' programme.

- 13.2 Multiply is the new national programme focused on improving adult numeracy skills. Whether that be improving household finances, helping children with homework, making more sense of the facts

in the media, or improving numeracy skills specific to a line of work. It is targeted at adults aged 19+ who need to improve their numeracy (up to and including Level 2) and supports both the employed and the unemployed.

13.3 NTCA's Multiply programme focusses on three delivery themes:

1. Community Engagement. Innovative, collaboratively designed numeracy skills that are related to participants everyday lives will be delivered through taster sessions and short courses providing progression through to formal numeracy qualifications. Delivery under this theme will also include longer interventions for individuals with 1 to 1 wrap around support to address barriers to learning and increase confidence to take the first steps to more formal skills training provided through AEB and/or wider skills offers through the UKSPF People & Skills theme.
2. Family Learning. Numeracy skills will be embedded into innovative Family Learning activities to support work being done to address poverty and exclusion in our region. Investment in these activities will support existing programmes which include NTCA's Child Poverty Prevention Programme and Education Improvement Programme.
3. Numeracy Skills for the Workplace. Numeracy skills for the workplace will be delivered through key partners currently engaged with employers who recognise the need to offer numeracy skills to employees in order to improve confidence, address workplace skills gaps and address in-work poverty.

13.4 Investment will be focussed on the individuals who will benefit most from the provision and will provide clear progression pathways for those who take part in the programme.

### **Situation before involvement with Carers Centre**

Carer X is a young adult carer aged 21, who cares for their mum aged 55 and sister, aged 14. X's mum has an enduring mental health illness, and their sister was recently diagnosed with a mild learning difficulty. X has faced a lot of challenges in relation to their caring responsibilities over the years and has accessed support from the Young Carers' Service at North Tyneside Carers' Centre's, from the age of 12 years.

When the Young Carers' Worker initially started working with X, they were struggling in school. Their attendance levels were low and they had no future aspirations: their caring responsibilities were consuming their life. With lots of support and encouragement X went on to excel in school and received the A 'Level results they needed to go to Northumbria University.

X contacted the Young Carers' Worker during the summer holidays to discuss support around their career goals. They had just completed their second year of their undergraduate degree in Business and Accounting at Northumbria University. X was studying alongside caring and working a part-time retail role to increase the family's daily income.

The Young Carers' Worker discussed the support available at the Centre, after which X agreed to be referred to the 'Return to Work Carers Project' to explore possible next steps.

### **Interventions provided by the Carers into Work Adviser**

Upon receiving the referral, an appointment was arranged with X as quickly as possible, as it was clear that they were eager to discuss their options and engage with the Project.

During the appointment, X discussed why they were approaching the Project for support. Whilst X enjoyed their course overall, they had struggled with their last accounting tax module. X stated that they had loathed the lectures on this topic and did not believe that they had done as well in the exams. As a result, X was questioning whether their original plan of pursuing a career in accounting was right anymore. Rather than dropping accounting from their degree, X instead wanted support with finding an accounting placement over the summer. This would allow X to experience real-life accountancy, to determine whether they would not want to work in this field or whether they just did not enjoy the tax module as much.

As a confident and digitally-literate individual, X had already contacted a number of accountancy firms around Newcastle and North Tyneside to enquire about placements. However, they had not been successful as the majority of the firms' placements had closed well before X contacted them in summer. In their appointment with the Adviser, X was clearly disheartened by this and worried about their next steps after graduation as a result.

Within the appointment, X was reassured that there were still opportunities available which would help them with deciding their career goals. X was signposted to free virtual internships, such as those offered by Forage, as well as training courses by OpenLearn and other organisations.

Whilst X accessed these sites, they made it clear that they would prefer an in-person placement for a more accurate experience of accounting. X agreed to the Adviser contacting accountancy firms on their behalf, although they expressed doubts that this would be fruitful given their previous experiences and whether the firms would accommodate their multiple responsibilities if so. The Adviser emailed a range of different accountancy firms as well as local Banks and third-party organisations to discuss possible placements on X's behalf.

Whilst awaiting the responses to these emails, X sent their CV to be reviewed by the Adviser. The Adviser redrafted this to better highlight X's achievements over GCSEs and during their university studies and asked X to tailor to their career goals once they had decided these.

The Adviser received several responses from firms and other organisations such as Newcastle Building Society stating that experience could not be arranged. However, they also received two positive responses.

Firstly, the Adviser contacted Barnardos' Finance Manager in the North Shields training facility after discussing X's situation with them. The Finance Manager agreed to arrange a month-long placement for X, starting in August 2022, for them to experience accounting procedures within a large third-sector organisation like Barnardos. X thrived within this placement, turning down the Adviser's offer to accompany them to their first day as they were excited to start and confident to go alone. At the end of their time at Barnardos, X was pleased with all they had learned and how flexible Barnardos had been around their caring role. X stated that the experience as a whole was 'canny' – high praise indeed!

In the meantime, the Adviser had received a positive response from Robson Laidler, a renowned accountancy firm within the North East. The representative from Robson Laidler confirmed that their formal internships had closed in January 2022 until the following year. However, the representative recognised the particular position that Young Adult Carers like X may be in. The representative therefore agreed to accommodate NTCC's request and offer X a fortnight-long placement within their Jesmond branch within September 2022 before X's final academic year began.

X was delighted about this development, stating that they had enjoyed their time at Barnardos but that it had made them more certain that they wished to pursue a role in a private firm like Robson Laidler. X stated that the experience had helped them to decide that accountancy was still a career goal for them, a decision that was helped as they received a First-Class grade for their Tax Module shortly before starting with Robson Laidler!

### **What difference have we made**

X successfully finished their placement with Robson Laidler in September 2022 and confirmed that they were certain that a career in accountancy was what they wished to pursue.

After a successful placement, Robson Laidler offered X a paid position within their healthcare business accounts department to commence once they graduated. X was really excited by this opportunity.

X felt confident to start their final academic year with a clearer idea of their career plan following graduation, equipped with the range of skills and experiences gained from their two placements.

The Adviser remains in contact with the representative at Robson Laidler, who confirmed that '*X was a delight to have with us. If you've spoken to X, you'll know that we've decided we'd like to take them on when they graduate. Everybody who worked with X spoke very highly of them and we feel that they fit in with our company values and ethics.*'

Following X's success, the Adviser and Robson Laidler are to continue working together to make their placements more Carer-friendly moving forward.

X's case demonstrates the impact that the Return to Work Project can have to support Young Adult Carers and their ambitions whilst being mindful of their caring responsibilities. X benefited from employability support from someone who understood their challenges as a carer. X's confidence grew from being empowered to apply to placements at companies that demonstrated empathy and understanding of their caring responsibilities.

This case study also highlights how such individual cases can be used as examples to improve overall practice and ensure that workplaces are more accommodating to Carers over the long term.

**Title: Adult Education Budget progress report**  
**Report of: Head of Inclusive Growth**

### Report Summary

The purpose of this report is to provide the Overview and Scrutiny Committee with a progress update on the devolved Adult Education Budget (AEB), summarising the outcomes of the investment in academic year (AY) 2021-22, and a forward look on planned provision for AY 2022-23.

Over 32,700 enrolment opportunities have been undertaken during AY 2021-22, a 28-percentage point increase in participation on the previous AY 2020-21. NTCA AEB providers deliver a range of 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.

NTCAs devolved AEB investment continues to reach residents most disadvantaged in terms of poverty and skills. Most recent data reveals that 69% of enrolment opportunities are undertaken by residents living in NTCA's top 20% deprived areas. 45% of enrolments are in the top 10% deprived wards across NTCA.

In AY 2021-22 70% of enrolments were undertaken by unemployed residents, with 49% of these residents unemployed and actively seeking work.

Key priorities set out in NTCA's Strategic Skills Plan include extending the reach of learning opportunities to a broader range of underrepresented groups. In AY 2021-22 45% of enrolment were undertaken by residents from our black and minoritised ethnic communities, 20% of opportunities were undertaken by residents with a self-declared learning difficulty/disability and 63% of women accessing provision are actively seeking work.

Over 19,100 formal qualifications were undertaken during AY 2021-22. 50% were delivered at Level 2 with 96% of enrolments achieving a formal qualification at Level 2. AEB case studies provided in Appendix 2 of this report detail some of the amazing outcomes and employment that have been gained by residents accessing the devolved AEB in AY 2021-22.

NTCA are clear that the devolved AEB has a significant role in supporting our region's economic recovery. We continue to work closely with providers to ensure that a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local labour market needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

### Recommendations

The Overview and Scrutiny Committee is recommended to endorse the approach the NTCA are taking in commissioning the devolved AEB, the outcomes achieved to date, and the future plans for the budget.

#### 1. Background

- 1.1 In August 2020 NTCA took control of the devolved AEB. Additional skills funding was also delegated from the Department of Education (DfE) for delivery of Level 3 Free Courses for Jobs in our region. This report provides an update on the performance of the AEB for AY 2021-22 and a forward look at planned provision for the third year of devolved AEB funding in AY 2022-23.
- 1.2 DfE confirmed NTCA's devolved AEB for the period 1 August 2021 to 31 July 2022 as £23,551,493 plus an additional £1,641,588 for the delivery of Level 3 Free Courses for Jobs. Bringing the total

AEB for AY 2021-22 to £25,193,081.

- 1.3 Through the NTCA Scheme of Delegation for the devolved AEB, funding was allocated through extensions to Grant Funding Agreements and procured Contract for Services.

## **2 Key achievements AY 2021-22**

- 2.1 Over 32,700 enrolment opportunities have been undertaken by NTCA residents during AY 2021-22. This is a 28-percentage point increase in participation on the previous AY 2020-21. Factors that contributed to this rise in participation include Cabinet approval to enable NTCA's provider base to carry in under delivery from AY 2020-21 caused by the disruption of the COVID-19 pandemic.
- 2.2 The carry in option provided stability for the AEB provider base and additional time to 'recover' from the disruption to delivery as a result of COVID-19. It also ensured that residents continued to have access to a wide range of provision when lockdown restrictions eased.
- 2.3 NTCA also made effective use of the flexibilities afforded by the devolution of AEB to increase participation rates. Providers were able to access funding to offer informal activities to improve learner confidence, mental health and wellbeing, learning support was extended across all AEB providers to remove barriers and provide resources to support learning. We also removed the requirement for employed residents to contribute 50% towards the cost of their learning and enabled fully funded accredited learning at Level 2 and Level 3 in key growth sectors to support employers.
- 2.4 Detailed analysis of AY 2021-22 delivery data is provided in Appendix 1 of this report. The analysis demonstrates that the AEB continues to support delivery of NTCA's Strategic Skills Plan and the NTCA Corporate Plan 2022-23.
- 2.5 Targeting areas where deprivation is high is a key priority in the NTCA Strategic Skills Plan, ensuring the AEB investment is reaching residents most disadvantaged in terms of poverty and skills. 69% of enrolment opportunities are undertaken by residents living in NTCA's top 20% deprived areas. 45% of enrolments are from residents living in the top 10% deprived wards across NTCA.
- 2.6 Providers also ensure that provision is accessible to residents in communities outside urban centres. Courses are made available on-line for distance learning, there is support with transport costs and good use of Community venues across rural areas in Northumberland. Postcode data illustrates that residents in places such as Alnwick, Amble, Berwick, Rothbury, Pegswood, Morpeth, Wooler, Hexham and Haltwhistle are accessing provision funded through AEB.
- 2.7 We have established a wider range of provision to support unemployed residents with skills directly linked to local labour market demand. In AY 2021-22 70% of enrolments were undertaken by unemployed residents, with 49% of these residents unemployed and actively seeking work. New provision has been commissioned to support construction, engineering and health and social care sectors with job vacancies. Enrolments in these sectors have increased on the previous year.
- 2.8 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.
- 2.9 We have successfully increased engagement with the Level 3 Free Courses for Jobs offer during AY 2021-22 with further commissioning to offer a wider range of qualifications. 324 residents engaged with the offer in AY 2021-22 compared to 147 in AY 2020-21.



- 2.10 A key priority for the devolved AEB is to extend the reach of learning opportunities to a broader range of underrepresented groups. Analysis of the profile of residents engaged in AEB provision during AY 2021-22 demonstrates that the investment continues to respond to this priority:
- 13% of enrolments were undertaken by young people (19-24)
  - 57% of enrolments were undertaken by women
  - 45% of enrolments were undertaken by residents from our black and minoritised ethnic communities
  - 20% participating in provision self-declared a learning difficulty/disabilities
  - 57% of enrolments were undertaken by residents with low or no qualifications
- 2.11 Over 19,100 formal qualifications were undertaken during the first year of the devolved AEB. These ranged from Entry Level to Level 3 in a wide range of subject areas, including those related to NTCA's priority sectors such as Digital, Health & Care, Engineering & Manufacturing and Business and Finance. Of the formal qualifications delivered, 50% were at Level 2 with 96% of completed qualifications achieved at this level.
- 2.12 The collection of destination and job outcome data from devolved AEB delivery will be a focus for AY 2022-23. AEB case studies provided in Appendix 2 detail some of the amazing outcomes and employment that has been gained by residents accessing the devolved AEB in AY 2021-22.

### **3 AY 2022-23 – a look ahead**

- 3.1 In early February 2022 the DfE confirmed NTCA's devolved AEB for the period 1 August 2022 to 31 July 2023 as £23,586,795 plus an additional £1,969,315 for the delegated Level 3 Free Courses for Jobs offer. Bringing the total AEB for AY 2022-23 to £25,546,110.
- 3.2 93% (including 3% for administration costs) of the allocation for AY 2022-23 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 2022-23 is included in Appendix 3 of this report.
- 3.3 Providers' AEB delivery plans for AY 2022-23 are underway from the 1st August 2022 and will be monitored at quarterly performance management meetings throughout the year.
- 3.4 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.
- 3.5 Key priorities going into AY 2022-23 include:
- Continue to work closely with the NTCA provider base to develop improved analysis of learner destinations, with a focus on positive outcomes and progression
  - Work collaboratively to better respond to employer skills/talent needs, specifically in the NTCA growth and foundation economy sectors
  - Continue to develop a better understanding of residents' barriers to accessing adult education and skills provision and working collaboratively with employers, skills providers and other stakeholders to respond directly to local challenges and remove these barriers to learning
- 3.6 NTCA is also undertaking a procurement exercise to re-procure the AEB Provider Framework which expires in July 2023. NTCA's devolved AEB and wider funding for Skills provides the opportunity to

join up the region's skills and training offer, reduce duplication and make sure we are reaching those communities most disadvantaged.

- 3.7 In order to achieve this, we are launching a Flexible Skills Procurement Framework and inviting a wide range of organisations and providers of skills including FE Colleges, independent training organisations, VCSE organisations and other stakeholders including employer providers to tender for a place on the Framework.
- 3.8 The Flexible Skills Procurement Framework will be utilised to procure providers for devolved AEB funding and other funding streams that NTCA has access to for Skills. We aim to secure packages of provision that will include: (1) getting residents into employment; (2) up skilling and re skilling residents to respond to the regional economy; (3) creating a good basic education offer up to level 2, including adult numeracy provision, capable of progressing residents to a vocational level 2 (or above) and increase numeracy skills; (4) support our communities by having a community based training offer that engages disadvantaged communities; and (5) provide any other adult skills packages required for the benefit of the NTCA region.
- 3.9 During the first 2 years of devolved funding, NTCA have made effective use of the flexibilities afforded by the devolution of AEB and delegated skills funding to ensure it is targeted where it is needed most. We will continue to secure provision which is based in the heart of our communities for innovative programmes that would not have been funded pre devolution.

#### **4. Impact on NTCA Objectives**

- 4.1 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.

#### **5. Equalities implications**

- 5.1 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.
- 5.2 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.
- 5.3 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>

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

- 6.1 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.
- 6.2 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.

6.3 The NTCA will continue to monitor the impact of the AEB on the inclusive economy aspirations as part of all performance management processes.

6.4 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.

## **7. Climate Change implications**

7.1 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.

7.2 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.

## **8. Consultation and engagement**

8.1 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.

8.2 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.

8.3 NTCA AEB officers attend regular meetings with DfE, the ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.

8.4 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.

## **9. Appendices**

Appendix 1: Detailed Analysis of AY 2021-22 Delivery Data

Appendix 2: AEB Case Studies

Appendix 3: Devolved AEB allocations by provider AY 2022-23

## **10. Background papers**

AEB Strategic Skills Plan 'Opportunity for All'

AEB Cabinet papers 24th April 2019, 4th June 2019, 30th July 2019, 22nd October 2019, 25th February 2020, 28th July 2020 and 29th September 2020, 23rd March 2021, 30th November 2021, March 2022

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

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

Michelle Stone, Skills Lead, [michelle.stone@northoftyne-ca.gov.uk](mailto:michelle.stone@northoftyne-ca.gov.uk)

## 12. 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
JCP	Job Centre Plus
MCA	Mayoral Combined Authorities
NTCA	North of Tyne Combined Authority
SSA	Subject Sector Area

## Appendix 1: Detailed Analysis of AY 2021-22 Delivery Data

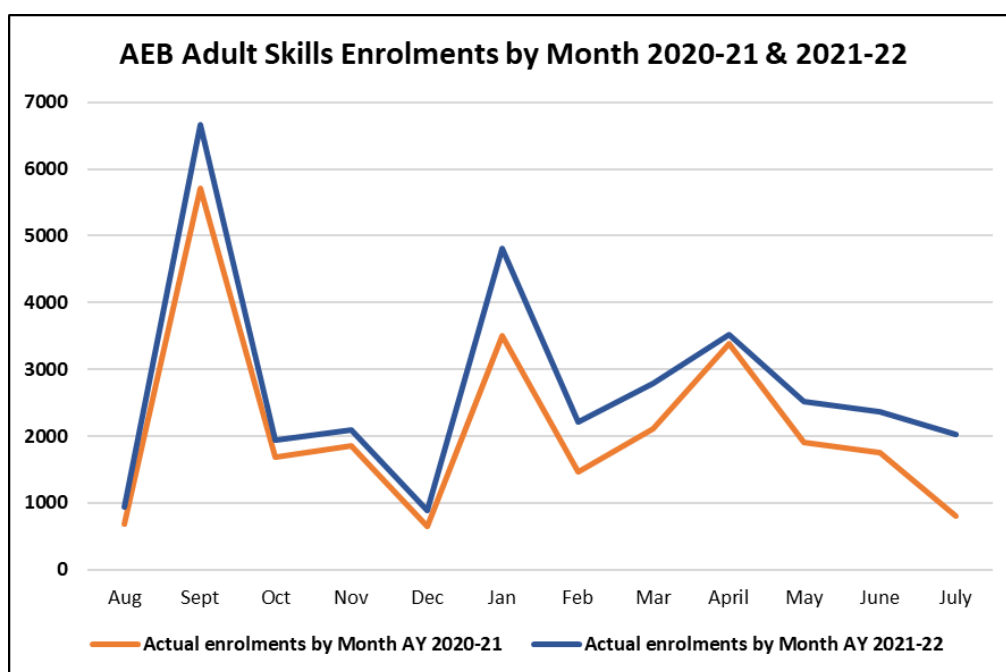
### 1 AY 2021-22 AEB enrolment opportunities

- 1.1 Over 32,700 enrolment opportunities have been undertaken during AY 2021-22. A significant 28 percentage point increase on the previous academic year AY 2020-21. 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.
- 1.2 6442 (20%) of these opportunities were delivered as Community Learning. NTCA recognise the value and positive impact that informal community learning can have on our resident's health and wellbeing. Recovery from the COVID-19 crisis will require outreach into disadvantaged communities, wrap around support to re-engage our residents, building confidence and breaking down barriers to learning and work.
- 1.3 Table 1 below illustrates a three-year trend of enrolments by Local Authority area

**Table 1**

	Non-Devolved AEB 2019-20	Devolved AEB AY 2020-21	Devolved AEB 2021-22
Newcastle	11,480	11,472	18,625
North Tyneside	4,005	4,322	6,723
Northumberland	6,400	4,830	7,421
Total	21,885	20,586	32,769

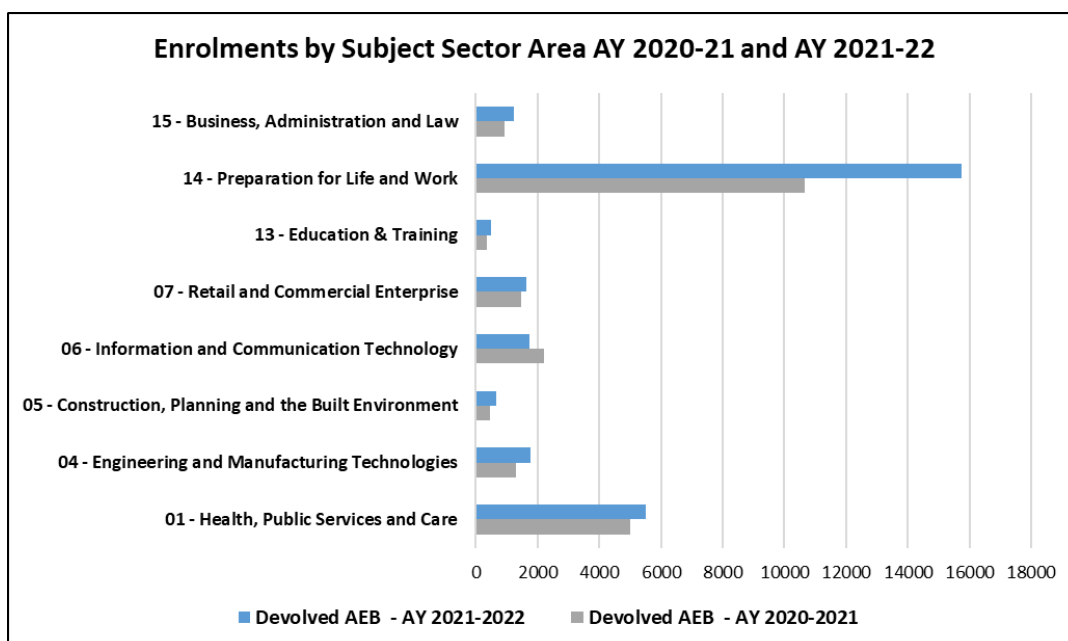
- 1.4 Chart 1 below compares the number of Adult Skills courses residents started by month in AY 2020-21 and AY 2021-22. Starts in September 2021 were significantly higher at the start of the academic year followed by another peak in starts in January 2022.



- 1.5 Delivery data is also analysed at Ward level to ensure that enrolment opportunities are being undertaken by residents in our most deprived areas. The review of AY 2021-22 data has revealed that 22981, (69%) of enrolment opportunities were undertaken by residents living in NTCA's top 20% deprived areas. **15,087 (45%) of enrolments are in the top 10% deprived wards across NTCA.**
- 1.6 Targeting areas where deprivation is high is a key priority in the NTCA Strategic Skills Plan to ensure that the AEB investment is reaching residents most disadvantaged in terms of poverty and skills.
- 1.7 Delivery data is also analysed at Ward Level to monitor engagement in AEB by residents in communities that are outside urban centres. This data suggests a significant proportion of residents living outside of urban centres are engaging with provision.
- 1.8 All NTCA AEB providers are required to submit delivery plans which outline how they will make their provision accessible for residents in communities outside of urban centres. This includes on-line and distance learning, support with transport and good use of Community venues across Northumberland and North Tyneside in places such as Alnwick, Amble, Berwick, Rothbury, Pegswood, Morpeth, Wooler, Hexham, Haltwhistle and Whitley Bay.

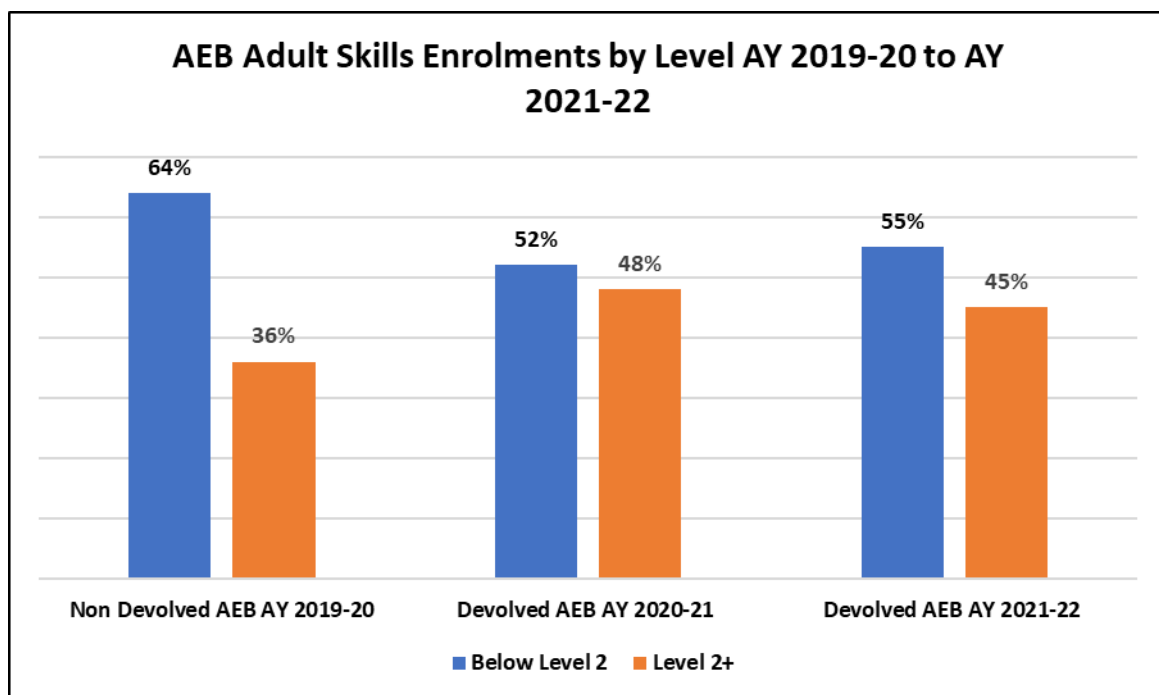
## 2 Range of provision

- 2.1 Providers deliver a range of 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.
- 2.2 We have established a wider range of provision to support unemployed residents with skills directly linked to local labour market demand. In AY 2021-22 70% of enrolments were undertaken by unemployed residents, with 49% of these residents unemployed and actively seeking work. New provision has been commissioned to support construction, engineering and health and social care sectors with job vacancies. Enrolments in these sectors have increased on the previous year.
- 2.3 Table 2 below illustrates the range of provision by subject sector area in AY 2020-21 and AY 2021-22.



- 2.4 Subject sector area (SSA) 14 – Preparation for Life and Work accounts for 49% 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.
- 2.5 There has been an increase of over 400 enrolment opportunities in Health, Public Services on the previous AY 2020-21 accounting for 17% of overall enrolment opportunities. Similar increases have occurred in Retail and Commercial Enterprise which incorporates provision such as warehousing and distribution.
- 2.6 Enrolment opportunities in Information and Communication Technology have decreased, a flexibility to fund non regulated essential skills in Digital is being extended into AY 2022-23 to improve participation.
- 2.7 We continue to work with providers to address the balance of low-level non-technical provision to ensure that there are more progression opportunities to valued provision at Level 2 and above.
- 1.1.1 Chart 2 illustrates a three year trend of the level of provision from non-devolved provision in AY 2019-20 to devolved AEB in AY 2021-22.

**Chart 2**



**1.2 Statutory Entitlements**

- 2.8 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.

- 2.9 We have successfully increased engagement with the Level 3 Free courses for jobs offer during AY2021-22 with further commissioning to offer a wider range of qualifications. 324 residents engaged with the offer in AY 2021-22 compared to 147 in AY 2020-21.
- 2.10 Analysis of the delivery data reveals that **1994 enrolment opportunities were undertaken in maths and English provision** during AY 2021-22 with 523 **(26%) undertaken as GCSE's** in these subjects which is often an essential entry qualification to further education, apprenticeships and employment.
- 2.11 First Full Level 2 and Level 3 qualifications for young people aged between 19 and 24 are also part of the statutory entitlement. The qualifications in this entitlement are highly valued by employers and provide specialist skills in the NTCA growth and recovery sectors as detailed in the NTCA Strategic Skills Plan and NTCA Corporate Plan. Colleges have engaged over 550 young people in this provision during AY 2021-22.
- 2.12 Table 3 below illustrates statutory entitlement enrolment opportunities in AY 2021-22 compared to AY 2020-21.

**Table 3**

Statutory Entitlements	Devolved AEB AY 2020-21	Devolved AEB AY 2021-22
English	805	884
Maths	1027	1110
ESOL	4931	6064
Digital Entitlement	712	820
Full Level 2 Entitlement	353	325
Full Level 3 Entitlement	194	228
Level 3 Adult Offer	147	324
Total	8155	9755

### 3 Profile of residents engaged in AEB

- 3.1 A key priority for the devolved AEB is to extend the reach of learning opportunities to a broader range of underrepresented groups. Analysis of the profile of residents engaged in AEB provision during AY 2021-22 demonstrates that the investment continues to respond to this priority:
- 4184 (13%) of AEB opportunities were undertaken by young people (19-24)
  - 57% of AEB enrolment opportunities were undertaken by women
  - 14,511 (45%) of enrolment opportunities were undertaken by residents from our black and minoritised ethnic communities
  - 6545 residents (20%) participating in provision self-declared a learning difficulty/disabilities
  - 57% of enrolments undertaken by residents with low or no qualifications
- 3.2 AEB provision is supporting women who are out of work and/or returning to work with a range of provision both informal to build confidence and maximise transferable skills and formal learning opportunities leading to qualifications and skills most valued by NTCA employers. In the first year of devolved AEB **62% of female enrolments were unemployed.**



- 1.2.1 The devolved AEB has enabled NTCA to offer a low wage flexibility for residents who earn less than the 'real' living wage. This provides full funding for employed residents who are on a low wage and may not have engaged in learning due to course fees being unaffordable. **Over 2200 enrolment opportunities were eligible for the low wage flexibility.** 66% of these enrolments were undertaken by women.
- 1.2.2 **Over 6500 (20%) of AEB enrolment opportunities are accessed by residents who have self-declared a learning difficult/disability.** This is a 4-percentage point increase on the previous academic year. Further work will be undertaken in AY 2022-23 to understand the barriers to learning and employment that our residents with disabilities face to ensure that AEB provision for these residents is truly accessible and inclusive for all.
- 1.3 **Outcomes for residents undertaking AEB provision**
- 1.3.1 Over 19,100 formal qualifications were undertaken during the first year of the devolved AEB. These ranged from Entry Level to Level 3 in a wide range of subject areas, including those related to NTCA's priority sectors such as Digital, Health & Care, Engineering & Manufacturing and Business and Finance.
- 1.3.2 Of the formal qualifications delivered, **50% were at Level 2 with 96% of completed qualifications achieved** at this level. Table 4 below illustrates the number of formal qualifications taken by level, the number completed, and the proportion achieved in the first year of devolved AEB.

**Table 4**

	Total	Entry Level		Level 1		Level 2		Level 3	
		Number	%	Number	%	Number	%	Number	%
Qualifications Delivered	19131	3784	20%	5055	26%	9555	50%	737	4%
Qualifications Completed		3442	91%	4555	90%	7995	84%	471	64%
Qualifications Achieved		3228	94%	4349	95%	7648	96%	429	91%
Continuing		80		180		610		172	
Withdrawn		262		320		940		92	
Completed not achieved		214		203		333		40	
Awaiting Result				3		20		4	

- 1.3.3 The devolved AEB also provided over 4500 non-regulated enrolment opportunities through Adult Skills funding. These opportunities do not carry a formal qualification but provide formal training and skills to support confidence, wellbeing and employability. A significant proportion (60%) of Adult Skills non-regulated provision is related to Pre-Entry and entry level ESOL specifically for NTCA residents who have no or very little English-speaking skills.
- 1.3.4 The formal non-regulated Adult Skills provision also supports Essential Digital Skills, helping residents to get on-line, send emails, and pay utility bills – all skills that are essential but do not carry a qualification. The non-regulated provision also delivers employability skills targeting specific sectors such as Retail, Construction and Hospitality.
- 1.3.5 Over 6400 enrolment opportunities through the devolved AEB in year one were delivered as informal Community Learning as referred to in paragraph 1.2 of this appendix. NTCA value this provision and recognise the positive impact that informal community learning can have on our resident's health and wellbeing.
- 1.3.6 The success of programmes being delivered as Community Learning through the procured AEB Innovation Funding Lot cannot be understated. Procured Providers in this Lot have met delivery targets and utilised the funding available to them. The innovation funding enables them to deliver

targeted niche provision aimed at residents who are most at risk of being left behind in terms of education and work opportunities.

- 1.3.7 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.
- 1.3.8 We want 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.
- 1.3.9 Complete destination and job outcome data from devolved AEB delivery will be a focus for AY 2022-23. AEB case studies provided in Appendix 2 detail some of the amazing outcomes and employment that has been gained by residents accessing the devolved AEB in AY 2021-22.

## Appendix 2 – AEB Case Studies

### Cedarwood Trust

#### Jimmy

In 2013 Jimmy became unemployed to become the main carer for his wife and his two children.

For 10 years Jimmy claimed Job Seekers Allowance, finding his long-term unemployment a barrier to gaining employment.

In December he completed the Nurture Academy 2022 gaining a level 2 Food Hygiene. Whilst looking for employment opportunities Jimmy at the Cedarwood Trust Bistro.

During which time he continued his learning journey enrolling and completing,

*Preventing radicalization & extremism*

*Advanced safeguarding children*

*Advanced safeguarding adults*

*Health & safety awareness*

*Health & safety responsibilities*

*Manual handling*

*First Aid awareness*

In November 2021 Jimmy became a member of the Nourish store to support his financial wellbeing and provided the wraparound support to look at employment as an opportunity to improve his wellbeing and finances. In June 2022 he was supported to navigate benefit checks and calculations on his financial wellbeing of paid employment. And in the same month he broke the 10-year long term unemployment circle and gained part time employment as a catering assistant.



## Barbara

Barbara was made redundant in 2020 within in weeks of the epidemic of Covid 19 and lockdown. During this time, she found it difficult to return to employment due to social isolation and low mental health.

In 2021 in the Barbra recognized she needed to begin to improve her wellbeing and volunteered in the Nourish store based in Cedarwood.

Barbara identified she needed support with CV writing, employment search & interview preparation to be work ready.

Struggling financially to feed herself sufficiently Barbara was supported to access the Food Bank, join the Nourish Store as a member and be supported to access a Greggs foundation grant.

***Volunteering here has helped my wellbeing as I had become very isolated, meeting people has been a confidence builder.***

Barbara's confidence, self esteem has grown to a point she has the confidence to begin to apply for employment opportunities. Cedarwood provided wellbeing support and practical employment skills support.

In May 2022 Barbara was supported to prepare and attend an interview for an administrator/receptionist with the Charity Walking With.

She was successful interview and returned to full time work for the first time in 2 years.



## Health & Safety Training

### Martin

I have worked all my life in the motor industry repairing cars since I left school. Last year I became unemployed after having had a health scare and eventually decided the job I was doing wasn't for me anymore mentally or physically and I wanted a new career!

After having a few months off I decided it was time for a completely fresh start and a new direction, I had been doing some research into getting my HGV licence and what it would entail.



I bumped into an old colleague of mine and was telling him about my thoughts and where I wanted to head next with my career. He replied with "an old mate of mine has had HGV training at Health and Safety Training Ltd in Benton, Newcastle near Palmersville Metro he highly recommends them. I thought to myself I will see what they can do" so I called the number and was put through to one of their admin team who I was told will help you further. I got through to Louise who got the ball rolling getting me into the course. She explained how it works, step by step going through the stages making it very clear as to what was going to be happening throughout my course. I was also very pleased to learn that the cost of the training would be fully funded by North of Tyne Combined Authority Council.

Within a few weeks I was at the training centre. The first part was a driving and delivering goods course and a health and safety training course for one week, this week also included driving a larger training vehicle on the road and some maths and English questions. Once completed Louise got in touch within days. I was given a link to an online portal for my theory and was all set up ready to go by Health and Safety Training, I applied for my provisional licence and as soon as it arrived Louise booked my theory which included theory test, Hazard perception and case study CPC. Once I completed theory, I sent the pass results to Louise, and she got me booked on for my class 1 HGV training course. This was in 2 parts, the first being my reversing manoeuvres the second being the main practical driving test. Louise sent me the dates for the reversing test then once I passed that got me in for my main practical. The lads in the training vehicle.

Richy 1 Richy 2 and Chris were amazing in every aspect. Very relaxed, very friendly, overall helped me sail through my test with minimal effort stress or nerves! On completion I was booked in for my MOD 4 CPC exam which is a basic walk around of the vehicle and making sure it's safe. Louise went above and beyond to squeeze me in quickly with a possible new job being offered. I can't thank the staff at Health and Safety Training Ltd enough, great place to learn, very helpful staff, very professional and they made the whole process seem easy from start to finish. I now have several different driving jobs on offer and I have a great new job in front of me. 10/10 and thank you for setting me up with a new career.

## **The Alnwick Garden Trust**

### **Grow into Work.**

Dean joined the Grow into Work programme in May 2022 having not worked since 2012. His lack of work experience made it difficult to find work, alongside other barriers including learning difficulties (dyslexia) and a disability (partially sighted). He had attended college, however, except for a brief period of employment once he had left, he found himself economically inactive. His confidence was low when he joined and he did not present with many employability skills.

Dean was offered a work placement within our operations department and worked alongside our cleaning and housekeeping team. Dean also engaged weekly with our employability tutor to develop his CV, learn how to complete job applications and practice interview skills.

Upon completion of his work placement Dean was interviewed and offered a 20+ hour contract at The Alnwick Garden. He is still employed within our operations department to date.

### **Skills North East Daniel**

My experience on the SIA course offered by skills North East,

At first, I was sceptical about doing this 3 week course as I have done a number of courses in the past and came to very little, but this course taught me so much I have learned how to use emails & new computer skills as well as achieving qualifications in first aid and most importantly my SIA licence.

The tutors who give this course are fantastic Tracey parkins makes you feel comfortable right of the bat, the encouragement and help was above and beyond, even though I've finished this course she still continues to help with all my queries. I would also like to add that on immediately achieving my door supervisor licence after 4 years being unemployed, I'm now in full time employment working Retail security with Morrisons.

Anyone reading this who has doubts about this sia course sign up for it, trust me you won't be disappointed, and you'll be in work in no time 😊

Thanks for being a nice guy on the other end of the phone Rhys it's appreciated.

### **Skills North East – Feedback from an employer**

Skills North East have been supporting staff from Milldene in completing NVQ courses since Summer 2020. Staff have gained a lot of knowledge and have been able to reflect on their practices and improve them through the training that they have received. The team have been great from signing staff up, socially distanced in the garden, when needed, to offering support to complete the courses. Working with Skills North East has helped us develop a better skilled staffing team.

## **Tyne Coast College - Tyne Metropolitan College – Adult Education Funding**

Miss Amanda aged 42, single parent from Whitley Bay. Amanda has been supported over the last academic year to complete the course work and manage home life with a toddler, who has now gone into reception giving Amanda more time now to study and develop her career in working with children and young people.

Amanda completed the L2 in  
Safeguarding and Prevent  
Understanding Children and Young Peoples Mental Health  
Understanding Behaviour that Challenges

Amanda went on to complete the L3 Diploma in Youth Work Practice and passed it, and now has progressed onto the Foundation Degree Education and Care (Sunderland University) with us at Tyne Metropolitan college. Amanda is now awaiting DBS clearance to start work with young people in a Special Educational Needs school in North Tyneside.

Stephen aged 31, Newcastle upon Tyne. Stephen has been supported over the last academic year to complete the course work and manage his learning disabilities and mental health concerns, Stephen has gained more confidence in himself and his self-esteem, to study and develop his career now working with children and young people in a mainstream school in Newcastle supporting young people with additional needs.

Stephen completed the L2 in  
Safeguarding and Prevent  
Understanding Children and Young Peoples Mental Health  
Understanding Behaviour that Challenges

Stephen went on to complete the L3 Diploma in Youth Work Practice and passed it, and now has progressed onto the Foundation Degree Education and Care (Sunderland University) with us at Tyne Metropolitan college.

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### Appendix 3 – Devolved AEB allocations by provider AY 2022-23

Grant funded provider name	AEB Allocation AY 2022-23
Education Partnership (Northumberland College)	£1,318,313
Gateshead College	£642,595
Gateshead Council	£154,352
Newcastle City Council	£3,035,981
Newcastle College	£5,254,682
North Tyneside Metropolitan Council	£1,938,476
Northumberland County Council	£1,134,672
South Tyneside Council	£514,376
Tyne Coast College	£1,265,836
Workers Educational Association	£350,852
<b>Total</b>	<b>£15,610,135</b>

Procured Contract for Service provider name	AEB allocation AY 2022-23			
	Lot 1 Unemployed	Lot 2 Employed	Lot 3 Innovation	Total
Action Foundation			£85,000	£85,000
Back 2 Work	£149,820			£149,820
Barnardos			£60,220	£60,220
B-Skill Limited		£253,270		£253,270
CECOS Computing International Ltd.	£343,173	£497,394		£840,567
East Durham College		£101,275		£101,275
FIRST Face to Face Ltd.			£90,000	£90,000
Gateshead College		£497,333		£497,333
Health & Safety Training Ltd.	£648,340			£648,340
Key Training Ltd.		£630,066		£630,066
Learning Curve Group Ltd.	£499,286			£499,286
McCrorry Training Limited		£495,200		£495,200
New College Durham	£215,685	£99,700		£315,385
North Tyneside Metropolitan Council			£149,764	£149,764
Northumberland Business Service Ltd.			£155,000	£155,000
People Plus Group Ltd.	£497,520			£497,520
Release Potential Limited	£192,840		£299,970	£492,810
Resource Northeast	£191,475			
Skills Northeast	£97,224	£213,040		£310,264
The Alnwick Garden Trust			£31,000	£31,000
The Cedarwood Trust			£382,000	£382,000
University Centre Quayside Ltd.		£299,828		£299,828
<b>Totals</b>	<b>£2,835,363</b>	<b>£3,087,106</b>	<b>£1,252,954</b>	<b>£6,983,948</b>

<b>Delegated Level 3 Adult Offer (Free Courses for Jobs)</b>	
<b>Provider Name</b>	<b>Allocations AY 2022-23</b>
B-Skill Limited	£14,144
CECOS Computing International Ltd	£16,691
East Durham College	£5,000
Education Partnership Northeast	£73,856
Gateshead College	£48,686
Learning Curve Group Ltd.	£51,684
New College Durham	£142,453
Newcastle City Council	£45,000
Newcastle College	£155,663
North Tyneside Metropolitan Council	£15,706
Skills Northeast	£23,631
South Tyneside Council	£5,000
Tyne Coast College	£34,291
<b>Totals</b>	<b>£631,805</b>



Title: Child Poverty Prevention Programme Update  
 Report of: Adrian Dougherty, Head of Public Service Innovation

### Report Summary

The purpose of this report is to provide Overview and Scrutiny Committee with an update on the progress of the North of Tyne Combined Authority (NTCA) Child Poverty Prevention Programme.

### Recommendations

The Overview and Scrutiny Committee is recommended to note progress, the contents of the report and provide any specific reflections to designated contact officers (section 10).

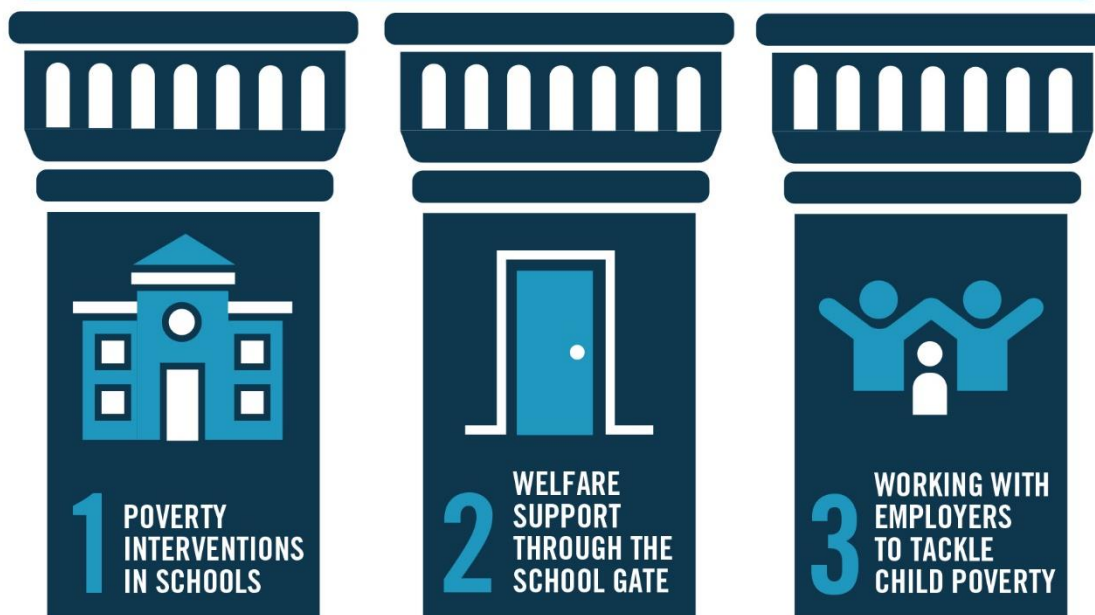
#### 1. Background

- 1.1 An increasingly important barrier to an inclusive economy, is the high rate of child poverty in our area. Child poverty is one of the strongest indicators of an area's economic inequality. The North East now has the highest rate of child poverty of any English region.
- 1.2 At the end of 2020, the Institute of Public Policy Research (IPPR) North published research into child poverty in the North East with a specific focus on devolution and made a series of recommendations for Combined Authorities. The Right Reverend Christine Hardman, Bishop of Newcastle and chair of NTCA's Inclusive Economy Board provided a foreword to the report. Recommendations included considering ways to support parents into good quality work, working with schools to mitigate child poverty and making child poverty a specific priority, for example through inclusive economy work.

#### 2. NTCA's Child Poverty Prevention Pilot Programme

- 2.1 The Child Poverty Prevention Programme (CPPP) for the North of Tyne is delivered as part of NTCA's Education, Skills and Inclusion portfolio priority and exemplifies a commitment to thinking creatively and progressively about the widest implications of an inclusive economy. NTCA's Inclusive Economy Policy Statement states a commitment to 'narrow inequalities and ensure that everyone has a stake in our regions' future' (p.1) and is key as we work to achieve 'zero poverty' in the North of Tyne as set out in our post-COVID corporate plan.
- 2.2 In June 2021, NTCA Cabinet approved a Child Poverty Prevention Programme (CPPP) for the North of Tyne. The purpose of the Child Poverty Prevention Programme is to build on the work currently being undertaken by Newcastle, Northumberland and North Tyneside local authorities to systematically address the causes and symptoms of child poverty across the North of Tyne. The programme intends to extend good practice and enable additional activity which would otherwise not occur, providing evidence of how social and economic resilience work together to improve productivity within areas. In consultation with stakeholders and partners, the programme was developed, comprising three pillars.
- 2.3 **Structure of the NTCA Child Poverty Prevention Programme**
- 2.3.1 The CPPP has three pillars of delivery:

# Child Poverty Prevention Programme



2.3.2 The pilot programme will be delivered in full by August 2023, against a backdrop of worsening child poverty and in-work poverty in our region. The programme will provide evidence of ways in which combined authorities can support with the effort to tackle the causes and symptoms of child poverty in our region.

2.3.3 Pillar 1, 'poverty interventions in schools' includes a review of existing provision across the North of Tyne and an expert working group to develop a series of pilot Interventions to support pupils facing poverty in schools.

2.3.4 Pillar 2, 'welfare support through the school gate' intends to support families to better support themselves, by giving access to welfare guidance in schools, making it easy for parents to access support and advice and acknowledging and building on the positive relationships which schools have developed with parents.

2.3.5 Pillar 3 'working with employers to tackle child poverty' seeks to work with employers to develop poverty reduction strategies in their workplace, supporting employees beyond pay and benefits.

### 3. Progress to date

3.1 During late 2021 and early 2022 NTCA officers undertook stakeholder engagement and relationship-building to improve understanding of the landscape, to ensure that delivery of the programme met need, avoided duplication and enhanced the support from local authorities.

3.2 In March 2022 a Senior Programme Manager was appointed to lead the development and delivery of the CPPP.

3.3 **Recruitment of schools to the programme** began in March 2022, informed by local authority partners.

3.3.1 80 schools across all phases from North of Tyne are now participating in the programme against a target of 90.

3.3.2 All 80 schools have chosen an intervention through pillar 1 of the programme, whilst 30 of these schools also have access to dedicated welfare advice through pillar 2 of the programme.

### 3.4 **Pillar 1 ‘poverty interventions in schools’**

3.4.1 The CPPP proposed a ‘test and learn’ approach to address poverty in schools across all phases, utilising existing expertise and good practice in the region. Initial consultation and engagement demonstrated that existing interventions varied, and greater impact could be made by trusting local leaders to adapt initiatives most suitable to the pupils and residents they support.

3.4.2 A steering group has been established for this pillar of the programme, to help review the evidence to inform the most appropriate and effective interventions and approaches. The group includes representatives from each local authority, education leaders, representatives from the voluntary and community sector and other stakeholders such as the North East Child Poverty Commission (NECPC).

3.4.3 To date, this steering group has heard evidence and recommendations following an independent review of poverty interventions in schools; in conjunction with evidence from NTCA Officer’s stakeholder engagement and research to understand the most appropriate interventions and the most effective way to mobilise pillar 1 of the programme.

3.4.4 In May 2022 the steering group approved that the pillar 1 offer to schools would comprise a suite of options; schools would be able to choose the most appropriate and beneficial option for their setting and communities to support children and families living in poverty. Rather than a grants programme, the steering group approved that intervention funds would be mobilised through a combination of grants and procurement exercises. This approach has allowed delivery of the required support in a timely fashion. Delivery of this support is underway and diarised for the remainder of this academic year.

3.4.5 Options for schools range from family learning and afterschool clubs, to poverty proofing© audits and grant funding for bespoke projects. Appendix 1 details the full suite of poverty interventions on offer to schools and delivery partners. Schools can choose one of these fully funded interventions to suit their needs.

### 3.5 **Pillar 2 ‘welfare support through the school gate’**

3.5.1 Following a procurement exercise in Spring 2022, three providers are delivering this support, one in each of the local authority areas, each taking a slightly different approach to meet the needs of their communities and in line with existing approaches in their local authority areas.

#### 3.5.2 **Newcastle**

Newcastle Welfare Rights Service (Newcastle City Council) are providing support to 13 Newcastle schools. One dedicated welfare rights advisor (WRA) is taking a bespoke approach to delivery of support in each school. From April to November the WRA has engaged with all 13 schools resulting in excess of 50 referrals into the service to date.

#### 3.5.3 **North Tyneside**

North Tyneside Citizen’s Advice have two welfare rights advisors working with 11 North Tyneside schools, WRAs have attended various sessions in schools including parents’ evenings, coffee mornings and scheduled drop-in sessions to suit each individual school. North Tyneside Citizen’s Advice has supported 23 families through the programme to date and are already reporting significant benefit gains from their work with families in these schools. One case study has seen an increase in over £414 per month, entitlement which was previously unclaimed and likely to be backdated to the value of £8000.

### 3.5.4 Northumberland

Northumberland Citizen's Advice are following an alternative delivery model, focussed on upskilling and self-empowering in communities. Currently Northumberland Citizen's Advice are working with 9 schools to train volunteer connectors from school staff to provide a secure referral route into specialist welfare benefit and community teams at Northumberland Citizen's Advice. To date, four schools have received training, three schools are active on the secure portal, with others diarised for this half term. Over fourteen families have been supported with welfare rights advice and other advice and signposting.

### 3.6 Pillar 3 'working with employers to tackle child poverty'

3.6.1 Following an open procurement, Society Matters CIC were appointed in March 2022 to deliver pillar 3 of the programme, aiming to work with 30 employers across North of Tyne to develop workplace poverty-reduction strategies.

3.6.2 Initial work to engage with employers took place between April and October, identifying employers to share best practice. Through liaison with a wide range of employers, (including those outside of the North of Tyne area, comprising construction companies, social housing, warehousing and logistics, aerospace, wealth management and beyond) and Society Matters' research and experience, a structured framework of over 50 ways employers can support employees beyond pay and benefits has been developed.

3.6.3 Alongside this, Society Matters have developed and launched a rolling programme of two employer workshops – 'Living Below the Breadline' and 'In-work benefits – a guide for employers'. Over 30 North of Tyne employers have attended to date, with attendees reporting a better understanding of the realities of poverty, a better understanding of in-work poverty and that they feel more able to recognise their potential to influence the financial wellbeing of employees.

3.6.4 Society Matters are now beginning the final part of the programme, focussed work with 30 employers to develop a poverty reduction strategy in the workplace. This work is being undertaken with eligible employers, some of which have been identified through surveys to understand the key employers in participating school communities. Development of anti-poverty strategies is now underway with five employers and another six employers are in the pipeline to begin work this calendar year.

### 3.7 Evaluation

3.7.1 NTCA officers are working with partners until August 2023 to undertake a realist evaluation, establishing the intended and unintended impact of the work and the social return on this investment.

### 3.8 Awareness raising

Delivery of this support has prompted significant external interest both regionally and nationally, work has been referenced as best practice within publications from the Centre for Progressive Policy (CPP), the Inclusive Growth Network (IGN) and the North East Child Poverty Commission. There has also been recent press coverage in The Journal newspaper and business press.

## 4. Next Steps

Throughout the remainder of this year, Officers will be focussed on:

- Recruitment of and liaison with remaining schools by December 2022
- Delivery and monitoring of all support by July 2023
- Developing added-value benefits of the programme for schools and stakeholders

- Consideration and planning around how pillar 3 of the programme can link with and strengthen NTCA'S Good Work Pledge
- Robust evaluation of the impact of this work to inform future programmes of work and wider interventions locally and nationally.

## **5. Impact on NTCA Objectives**

5.1 NTCA's Vision is of a "dynamic and more inclusive economy...[which narrows] inequalities". We are committed to giving everyone the opportunity to thrive – to achieve a fair wage, and access good jobs, and by working in partnership with business, civil society and our residents to achieve this. Our Inclusive Economy Policy Statement reinforces this by committing NTCA to taking a people-focused approach to support every individual to succeed. This programme has been developed and delivered to contribute to this vision by narrowing inequalities for children and young people in our communities.

## **6. Equalities implications**

6.1 The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision 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. As required by Section 149 of the Equality Act 2010, the Combined Authority 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. Furthermore, we anticipate that those young people from a socio-economic disadvantaged background will gain significantly from this work.

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

7.1 The Overview and Scrutiny Committee is mindful of NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic, looks to see that any policy/event/decision has taken these fully into account. NTCA's Wellbeing Framework sets out ten social, economic, environmental, and democratic outcomes to improve the wellbeing of everyone living in the North of Tyne now and in the future.

7.2 The CPPP will positively contribute to creating a more inclusive economy in the North of Tyne with a specific positive impact on addressing inequalities for families, children and young people, seeking to reduce the achievement gap (the difference in attainment between pupils from disadvantaged and non-disadvantaged backgrounds). The Combined Authority will monitor the impact of the pilot on the inclusive economy aspirations as part of our performance management processes.

## **8. Climate Change implications**

There are limited climate change implications to this strategy, however NTCA will ensure that interventions identified as a result of activity on this strategy will signpost to local services and NTCA's climate education programme.

## **9. Consultation and engagement**

Officers at NTCA have worked with stakeholders and education professionals to co-develop the pillars on which the pilot is built. Through the pillar 1 steering group and engagements with Headteachers and stakeholders, we continue this engagement throughout delivery of the programme. We value the expertise of local authority partners, school leaders, teachers, governors, teacher educators, sector trade unions, local and national system leaders. To this end we have

engaged over time with this diverse group of stakeholders. Views gathered from school leaders, teachers, health and social care leaders, businesses, government representatives, teaching unions and sector experts have been fed into this pilot programme.

## 10. Appendices

Appendix 1: Pillar 1 interventions

## 11. Background papers

[Child poverty and devolution in North East England | IPPR](#)  
[Local indicators of child poverty after housing costs 2020/21](#)

North of Tyne Combined Authority Child Poverty Prevention Programme: Schools-Based Poverty Interventions Scoping Exercise

## 12. Contact officer(s)

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## 13. Glossary

NTCA	North of Tyne Combined Authority
NECPC	North East Child Poverty Commission
WRA	Welfare Rights Advisor
IPPR	Institute of Public Policy Research
CPPP	Child Poverty Prevention Programme
CPP	Centre for Progressive Policy
IGN	Inclusive Growth Network



## Appendix 1: Pillar 1 interventions

Pillar 1 Poverty interventions	Delivery partner	
Poverty Proofing the school day audits	<a href="#">Children North East</a>	Audits include engagement with pupils, staff, parents and governors to identify what the school is already doing well to support children and families living in poverty and, more importantly, what the school could do differently or better to ensure that there is a level playing field. Findings and recommendations are presented to the school's senior leaders, schools can then look to address challenges through structural changes to the school day.
Uniform policy into practice	<a href="#">Children North East</a>	Supported deep-dive review of uniform policy, stakeholder engagement, change and implementation.
Afterschool clubs/enrichment (North Tyneside)	<a href="#">YMCA North Tyneside</a>	10 fun, engaging youth-led sessions per school of 1.5 hours in length over a ten-week period. Up to 20 young people per school can access these sessions and healthy snacks are provided. There is also a CPD opportunity for a member of school staff to develop their skills in youth work.
Afterschool clubs/enrichment (Newcastle and Northumberland)	<a href="#">Newcastle United Foundation</a>	<p>NUF will provide each school with a 12-week programme made up of two hours of support for at least 20 pupils during curriculum time, focused on supporting children who are most impacted by poverty and then a one-hour afterschool club for 15-30 participants.</p> <p>In addition to the in-school delivery each school will have access to a range of additional opportunities to further support the pupils taking part. This will include a Toon Team Day at NUCASTLE, stadium tours and access to multi skills/football camps in the school holidays.</p> <p>There will also be an option of CPD for school staff. The CPD element for teachers will support them to continue to deliver impact when the project leaves their school. This will provide ongoing support to a wider number of children who do not have access to this project.</p>
Family learning	<a href="#">Northern Learning Trust</a>	<p>Each programme provides 8 hours of guided family learning time supporting a total of 21 pupil/adult pairs per school.</p> <p>All sessions will consist of a practical element, underpinned by theoretical learning The emphasis</p>

		<p>will be on fun and the importance of play in learning and the programme is enjoyable for both parents and children. As well as developing skills in numeracy and money management, sessions will support development of a range of softer skills such as communication, problem solving, time keeping and team working. By sharing positive activities together, familial relationships will be strengthened, and communication improved. The sessions will also help enhance positive relationships with school, working in partnership to ensure the best possible outcomes for the child.</p>
Bespoke grant funding	North of Tyne schools	<p>Grant funding of up to £5000 to undertake bespoke work to support children and families experiencing financial hardship. This requires a business case application and monitoring throughout the programme period.</p>



**Subject: Poverty Truth Commission progress report**  
**Report of: Ruth Redfern, Director of Policy and Performance**

## Report Summary

The purpose of this report is to provide Overview and Scrutiny Committee with an update on progress towards NTCA's Poverty Truth Commission. At the end of 2020 NTCA became the first Combined Authority to support a post-Covid Poverty Truth Commission with the aim of exploring and responding to the unique effects of economic exclusion in the North of Tyne as a result of the pandemic. This report provides the Committee with key achievements since the last update to the committee in February 2022 and invites members to provide reflections from the communities they represent.

## Recommendations

The Overview and Scrutiny Committee is recommended to note the contents of the report and provide any specific reflections to designated contact officers (section 10).

### 1. Background information, proposals and timetable for implementation

#### 1.1 Background

1.1.1 Members will be aware that Poverty Truth Commissions (PTCs) are models of direct engagement where community, civic and business representatives are brought together with people with lived experience of poverty (community commissioners). Commissions work to understand the specific features of poverty in their areas and work collaboratively to come up with practical solutions – delivering policy change in partnership. Central to the PTC model are the principles of fairness and equity.

1.1.2 PTCs are usually supported by local authorities but not led by them. They are usually hosted independently to ensure their work is genuinely equitable and collaborative. PTCs aim to help to facilitate a wider-range of voices to join decision-making, intending to make better decisions as a result.

1.1.3 Poverty Truth Commissions tend to:

- Run on average for two years.
- Recruitment from a wide range of communities of place and interest, prioritising the voices of groups which are rarely heard in traditional methods of engagement.
- Secure funding from a mix of public, civic and/or business sources to support collaboration.

#### 1.2 Purpose, Timing and Funding of a PTC for the North of Tyne

1.2.1 Covid has exacerbated inequalities nationally and regionally: this is explicitly acknowledged in NTCA's Recovery Plan. Providing the opportunity to hear directly from our residents and communities about this issue will help the Combined Authority, and our partners, to respond to Covid effectively. Our PTC is unique: we will be the first Commission to occur on a Combined Authority footprint and post-Covid as we begin to enter recovery.

1.2.2 The model has been funded through NTCA's Investment Fund with match funding from the Community Foundation for Tyne, Wear and Northumberland and supporting funding from the Joseph Rowntree Foundation (JRF) to enable learning from the PTC in relation to NTCA's co-production and co-design strategy, as directed by Overview and Scrutiny Committee last year.

## 2. Progress of the Commission

2.1 In July 2021, following an open procurement exercise, local charity Children North East (CNE) was appointed to deliver the PTC over two years.

2.1.1 CNE proposed following this established four-stage approach to delivering the PTC:

Stage	Main Activities	Key Milestones
<b>Engage</b>	Research, building networks and recruiting the community and civic/business commissioners	Launch event
<b>Explore</b>	Thematic grouping works established to explore specific areas of experience and recommend experimental responses	Mid-term report
<b>Experiment</b>	Each working group delivers an action plan with associated impact measures	Commission progress meeting & public learning event
<b>Embed</b>	Key findings and recommendations reported to NTCA and other key stakeholders. Next steps agreed.	Final report & influencing activities

2.1.2 CNE also analysed the relative populations of each of NTCA's constituent areas and proposed a commissioner profile as outlined in the table below. In-line with NTCA inclusive economy ambitions CNE also planned to ensure representation of people with protected characteristics across this population profile e.g., people from black and minoritised communities, younger and older commissioners, disabled people or people who are deaf.

Area	Relative Population (%)	Commissioners Headcount
Newcastle	36.7%	8
North Tyneside	24.7%	6
Northumberland	38.9%	9
North of Tyne	100%	24*

\*This figure is the total for community and business commissioners. The community commissioner target is a maximum 15 to allow for some natural change in the numbers engaging across the project's duration.

2.1.3 CNE is now beginning the second 'Explore' stage. Key achievements to date include (Appendix 1):

- 8 established and committed Community Commissioners
- Community Commissioners have identified 3 key themes specific to the commission, refining the focus on the previously flagged core areas of work. The key themes are:
  - Food/fuel poverty
  - Caring responsibilities (elderly and children with additional needs)
  - Health (physical health, mental health and disability)
- These themes have informed recruitment of Civic and Business Commissioners
- Over 50 potential Civic and Business Commissioners were approached by CNE facilitators and recruitment is now complete with 20 participating Business and Civic Commissioners.
- On 14th October 2022 the North of Tyne Poverty Truth Commission launch event took place at the Great North Museum, launching the commission and its associated workstreams built by the commissioners.
- The event was opened by North of Tyne elected Mayor and attended by Community Commissioners and Business and Civic Commissioners or their representatives as well as interested parties including representatives from local authorities, charities, academics and the North East Child Poverty Commission.

- The day provided a platform for Community Commissioners to share their diverse stories and for all Commissioners to begin to develop relationships in preparation for the beginning of working groups. Initial feedback from attendees has been positive, with Civic and Business Commissioners reporting a sense of motivation, realisation and commitment to move forward with the next stages of the commission.

2.1.4 NTCA holds monthly monitoring meetings with the CNE team. This enables NTCA, CNE and our co-funders to work together on delivery, performance and impact monitoring, ensuring co-production remains at the heart of our approach. Following the launch event, CNE and NTCA Officers have met to reflect on progress and review plans for the remaining term of the commission, allowing us to adapt plans in light of our experience and understanding to date.

### **3. Next steps**

3.1 Into Autumn 2022, we are now moving into the “Explore” stage of development of the commission, next steps for Children North East will be to:

- Continue training and support for all Commissioners
- Recruitment of Community Commissioners to the commission will continue until December 2022 to account for the impact of Covid-restrictions and to expand the demographic, diversity and reach of the commission.
- Preparation, facilitation and follow-up of monthly working groups.
- Build productive collaborative relationships between commissioners to facilitate their transition into working groups with Civic, Business and Faith Commissioners.
- Facilitate relationship building between the Community and Civic, Business and Faith Commissioners

### **4. Equalities Statement**

4.1 The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision 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.

4.2 An equalities impact assessment has been undertaken and has found the impact of a PTC for the North of Tyne to be broadly positive. This will be particularly the case as poverty is often the direct result of disadvantage experienced by people with protected characteristics and experiencing socio-economic disadvantage.

### **5. Inclusive Economy Statement**

5.1 The Overview and Scrutiny Committee is mindful of the NTCA’s inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The PTC will specifically support the development of an inclusive economy in line with the following characteristics:

- Participation – Delivering a people-centred approach to local economic development by co-designing responses to COVID-19 which are based on the lived experience of our residents, especially those whose voices are least heard.
- Equity – Tackling inequality in the North of Tyne by creating a mechanism whereby the voices and view of residents experiencing poverty and socio-economic disadvantage are given parity with the experience of public sector and business and civil society commissioners.

- Growth – Informing the quality of NTCA policies, programmes and projects to target and effectively address poverty, directly targeting poorer communities, families and individuals.

## 6. Climate Change Statement

6.1 The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. There are limited direct climate change implications for the PTC project, however the PTC will offer NTCA the opportunity to learn about residents' experiences and views of climate change from the perspective of lived experience of poverty.

## 7. Consultation and Engagement

7.1 Under the direction of Cabinet members, NTCA officers presented these proposals to the Inclusive Economy Board in September 2020 for early advice and support. Officers have worked closely with both the independent Poverty Truth Commission Network and JRF as an experienced PTC partner and funder, to build on best practice. The three constituent local authorities have been actively involved throughout and Officers have sought support and advice from other regional Poverty Truth Commissions.

## 8. Appendices

Appendix 1: NTCA Poverty Truth Commission: CNE Progress to date

Appendix 2: Launch event agenda

## 9. Background Papers

[Poverty Truth Commission](#), NTCA Cabinet Report, 24 November 2020

[Poverty Truth Commission](#), Overview and Scrutiny Report, February 2022

## 10. Contact Officers

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## 11. Glossary

CNE	Children North East
JRF	The Joseph Rowntree Foundation
NTCA	North of Tyne Combined Authority
PTC	Poverty Truth Commission

## Appendix 1: NTCA Poverty Truth Commission: CNE Progress to date

### 1. Community Commissioners

CNE started work in Autumn 2021, mapping existing networks of organisations working with people experiencing poverty and exclusion, building models of engagement, and joining with the Poverty Truth Network to learn from good practice nationally. The COVID restrictions at the turn of the year had some impact on the project, temporarily restricting face-to-face work.

Currently there are 8 Community Commissioners participating against a target of 15. To date CNE have worked with a total of 15 commissioners.

**Table 1: Currently engaged Community Commissioners**

Total	Newcastle	North Tyneside	Northumberland
8	4	2	2

The demographics of the NTCA area have been central to the recruitment approach, including 'harder-to-reach' rural areas within the larger Northumberland area. Barriers to recruitment have proved challenging, including personal circumstances, such as health and caring responsibilities. This continues to impact on retention of Community Commissioners therefore recruitment of Community Commissioners will remain open until the end of this year and CNE Facilitators continue to engage with relevant organisations, aiming to expand the demographic, diversity and reach of the PTC. CNE Facilitators will also be in touch with individuals who are no longer actively contributing to the commission periodically to provide opportunities for them to feed in their views and re-engage if appropriate.

Participating Community Commissioners have been meeting regularly (weekly drop-in meetings with commissioners with an option to attend in a virtual capacity to reduce barriers to engagement). Structured training and information sessions have taken place to support commissioners in the preparation for the launch event, developing collaborative working and transferable skills to equip them for the launch and working groups moving forward.

### 2. Commission themes

The Community Commissioners have identified 3 key themes specific to the commission refining the focus on the previously flagged core areas of work. The key themes are:

- Food/fuel poverty
- Caring responsibilities (elderly and children with additional needs)
- Health (physical health, mental health and disability)

### 3. Civic, Business and Faith Commissioners

Identification of key themes from Community Commissioner engagement has informed recruitment of Civic and Business Commissioners which has taken place during Q2 and Q3.

CNE Facilitators and Managers and NTCA colleagues have utilised existing connections with crucial organisations, whilst forming new connections with organisations to engage with potential Civic, Business and Faith Commissioners as well as interested parties.

Over 50 potential Business, Civic and Faith Commissioners were approached by CNE Facilitators and recruitment is now complete with 20 participating Business, Civic and Faith Commissioners. CNE Facilitators have met and explained the role of a Business, Civic and Faith Commissioner in to all parties and all Business, Civic and Faith Commissioners either attended the launch event in person or ensure representative from their organisation was present.

#### **4. North of Tyne Poverty Truth Commission launch event**

On 14th October 2022 the North of Tyne Poverty Truth Commission launch event took place at the Great North Museum, launching the commission and its associated workstreams built by the commissioners. The event was opened by North of Tyne elected Mayor and attended by Community Commissioners and Business, Civic and Faith Commissioners or their representatives as well as interested parties including representatives from local authorities, charities and Universities and the North East Child Poverty Commission.

The day provided a platform for Community Commissioners to share their diverse stories and for all Commissioners to begin to develop relationships in preparation for the beginning of working groups.

#### **5. Co-funder activity**

The project has received match funding from the Community Foundation for Tyne, Wear and Northumberland and The Joseph Rowntree Foundation (JRF). The Community Foundation for Tyne, Wear and Northumberland will be meeting with CNE Managers and NTCA Officers in November 2022 for an update on the progress of the commission and The Joseph Rowntree Foundation (JRF) will be presented with an options paper in November 2022 in relation to opportunities for learning from this work.



# North of Tyne Poverty Truth Commission Launch Event Agenda

Friday 14th October 2022

The Great North Museum, Barras Bridge, NE2 4PT

10:30

Arrivals, registration, and refreshments

10:45

Opening address: Mayor Jamie Driscoll, North of Tyne Combined Authority

11:00

Aims of the Poverty Truth Commission: Luke Bramhall, Children North East

11:20

Why I got involved with the Poverty Truth Commission: Community Commissioners

11:30

Community Commissioner Presentations

12:00

Lunch

12:30

Community Commissioner Presentations Continued

13:00

Themed group discussion and feedback

14:00

Closing remarks

14:30

End

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**Title:** NTCA Culture, Creative and Tourism Programme  
**Report of:** Cllr Glen Sanderson,  
 Portfolio Holder for Culture, Creative and Rural

### Report Summary

The purpose of this report is to provide an update to Overview and Scrutiny Committee Members on the progress of the North of Tyne Combined Authority's Culture, Creative and Tourism Programme.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the content of the report and comment on the approach of the Culture, Creative and Tourism Programme.

### A. CONTEXT

#### 1. Overview of Culture, Creative and Tourism Programme

- 1.1 Heritage, creativity, culture and events are crucial to the identity and wellbeing of our communities and a vital part of the North of Tyne economy, providing jobs and opportunities for thousands of residents and attracting visitors, talent, businesses and investment. The sector offers enormous opportunities to support post-pandemic recovery and growth through innovative, sustainable and inclusive programmes and partnerships that can help raise the profile of the North of Tyne as a visitor destination and as an attractive environment for creative and cultural businesses and practitioners to start-up, grow, and flourish.
- 1.2 Recognising this opportunity in January 2020, Cabinet agreed a Culture and Creative Sector narrative and an approach for Events and Tourism supported with allocations of funding. The culture, creative and tourism sector was impacted severely by the COVID-19 pandemic, and it was recognised by Cabinet and Investment Panel that the sector needed to be stabilised and that there was a need for longer term catalytic investment to enable recovery and growth.
- 1.3 Overall, the Combined Authority's Culture, Creative and Tourism Programme includes the following investments totalling around £20m until 2028:
  - £3.25m until June 2023 for the North of Tyne Culture and Creative Investment Programme
  - £5.235m for Culture and Creative Zones to 2027
  - £1.98m for the Creative People component of NTCA's Skills for Growth approach until 2025
  - £2.85m toward the £11.4m regional North East Screen Partnerships Programme until 2027
  - £3.5m for the North of Tyne Events and Tourism Programme until 2023, supplemented by £1m to continue the pace of delivery as part of an indicative £15m allocation to 2030
  - £906k for the Hospitality, Innovation, Tourism, Supply Chain Programme until 2025
  - £1.275m of DCMS funding for the North East Create Growth Programme until 2025
- 1.4 The programme is diverse but interlinked and includes activity focused on ecosystem development and supply chains; business support; access to finance; innovation; workspace provision; employer led skills interventions; raising the profile of the region; attracting talent; attracting visitors; support for the visitor economy; events; and community outreach. Cumulatively the programme will support 3,000 businesses, enable 2,000 participants to progress into education or training, engage 1.5m residents and visitors through the events programme and enable over 2,000 bookings through the tourism products.
- 1.5 The NTCA Culture, Creative and Tourism Team have been working with partners to develop the models and partnerships to seize these opportunities and maximise the potential and talent of our region's people, cultural organisations, creative businesses and tourism businesses. The programme is steered by a Culture, Creative and Tourism Steering Group which convenes local

authority culture and economic development leads and destination management organisations. In addition, the broader partnership steering group which helped develop the sector narrative is utilised to develop approaches as appropriate.

1.6 The rest of this paper reports on the development and delivery of the cultural and events programmes outlined above, over the past three years.

## 2. Culture and Creative Investment Programme

2.1 The North of Tyne Culture and Creative Investment Programme is offering a combined package of financial and business support and is recognised nationally in its approach for the sector. The programme has been designed to benefit freelancers and businesses at every stage of their journey, with specialised investment in the form of loans and equity, as well as grants, a challenge fund and a tailored programme of business support.

2.2 The programme is fully operational with a local delivery team. A strategic advisory board oversee delivery of the programme and is bringing together independent members with complementary experience relevant to the strategic objectives of the programme. The overall purpose of the board is to provide overall strategic guidance and due diligence support to the Creative UK executive team.

2.3 Investment solutions have been set up that mirror the diversity of the sectors the project supports. Each solution is designed for the different stages of business growth. There are three equity and loan offers:

- **Creative Boost** – small, unsecured, low interest business loans of £25k for creative SMEs in the region, as a gateway for early-stage businesses moving towards commercial sustainability and potential follow-on investment.
- **Larger Loans** – secured loans, variable interest rate of up to 10%, geared towards businesses looking to scale up their operations/teams.
- **Equity Investment** – for high-potential early-stage businesses with a compelling return on investment proposition.

2.4 By September 2022 30% of the total allocated funds had been invested, with 70% of job creations contracted and 50% of the match funding target achieved with a strong pipeline of proposals to be assessed. The fund has now leveraged 1.25m of private investment from Creative Growth Finance Ltd. The breakdown of the loan investment activity (as of September 2022) is as follows:

£815,000	Investments approved
£615,000	Investments contracted
£1,250,000	Co-investment from Creative Growth Finance Ltd
£150,000	Investments currently under assessment
£200,000	Investment deal leads

2.5 There have also been three rounds of grants to date (Sept 2022), comprising small grants of up to £5k and strategic grants of up to £25k, to enable enterprises to build upon their creative and commercial ideas, become more sustainable and grow. Alongside the third round, a £40k challenge for cultural freelancers took place in June 2022 at the Big Culture Northumberland Co-Working Day. Each challenge has a budget of £20k with participants given the opportunity to access up to £2k of grant support, further challenges are planned in the next few months. The breakdown of grant investment activity to date (as of Sept 2022) is as follows:

£362,191	Grants approved
£299,123	Grants contracted

2.6 The business support element of the programme will support 200 enterprises, create 20 new jobs and safeguard 50 jobs by June 2023. Masterclass and bootcamp activities are supported by open-

access webinars and networking events delivered in partnership with regional stakeholder networks to drive beneficiaries to the programme.

### **3 North East Create Growth Programme**

- 3.1 Recognising that the creative industries are one of the fastest growing sectors of the UK economy, DCMS launched a Create Growth Programme in June 2022. Six successful local area partnerships have been awarded approximately £1.75m in grant funding to deliver targeted business support to high growth potential creative businesses. This will unlock up to £7 million funding (nationally) for finance support, as well as investor networking activities, a national provider will be appointed to deliver this element of the programme.
- 3.2 The North East Create Growth Programme (GP) is one of the six successful partnerships and the programme will enable a collaborative approach across the region to support the creative sector. The North East Create Growth Programme is designed to support 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.
- 3.3 The business support component of the programme is focused on a nine-month long cohort programme (6 cohorts – 2 every 9months of between 15-20 businesses in each cohort), designed in collaboration with investors, sector experts and businesses within the target sectors in the North East who have a track record of successfully securing investment and supporting high-growth potential businesses for growth capital. To support the delivery of activity key delivery partners have been identified who are specialist in their field. They will collectively learn, develop, and seek to achieve the full potential of the project objectives and indeed create a legacy and long-lasting collaboration for the sector in the region.
- 3.4 Outputs for the programme include:
- By December 2024 engage with a minimum of 100 companies and provide intensive business growth and investment readiness support.
  - By March 2025 ensure 100% of businesses supported register growth in year-to-year turnover or headcount by 1 year after the end of the NECPG programme.
  - By March 2025 75% of high growth businesses secure further investment either from the NECPG or other available access to finance.
- 3.5 The programme is currently in the initiation stage and MOUs with each of the local authorities are being drafted, together with a delivery partner agreement with Creative UK and a launch and information event for businesses is planned for December 2022. Some of the £7m national fund, managed by Innovate UK will be open for direct application for businesses in the six local partnership areas from the end of November 2022 and support will be available through the programme to enable North East Businesses to apply.

### **4 North East Screen Industries Partnership**

- 4.1 In January 2022, NTCA Cabinet agreed £2.85m, as a North of Tyne contribution to an £11.4m regional programme to support growth of the North East film and TV sector. The programme builds on the BBC's recent £25m commitment to programme expenditure in the North East and presents an opportunity to grow the film and TV sector in the region, ensuring that businesses and residents benefit from the BBC's commitment and creating momentum to catalyse further private sector investment, and delivering a step change in opportunities for the screen sector.
- 4.2 Investment to grow the regional screen industries sector will help to maximise the benefits of the £25m BBC investment in production and skills development in the North East over the next five years. Increasing the capacity and capability of the regional screen agency to support sector growth

will be critical to the success of the Programme. A range of production support, business growth, and skills development interventions are required to build the region's screen industries sector, increasing the visibility of the region on screen.

4.3 The North East Screen Industries development programme is focused on economic recovery and Growth, taking a balanced approach which will attract investment and talent from outside the region and deliver the sustainable development of the screen industries in the region.

4.4 An MOU between the twelve local authorities in the wider North East and the BBC was signed in 2021 and a full business case for the supporting regional investment was developed and agreed in early 2022. A North East Screen Industries Board has been established and Tees Valley Combined Authority (TVCA) are acting as the accountable body with North East Screen as delivery partner on behalf of the North East Screen Industries Partnership (NEISP).

## 5 Culture and Creative Zones

5.1 NTCA's Culture and Creative Zones programme is a place-based approach to investing in the development, sustainability and growth of the culture and creative sector, whilst regenerating high streets and local centres, improving quality of life for local communities, and connecting people to opportunities.

5.2 In March 2022, NTCA Cabinet agreed an overall allocation of £5.235m for the Culture and Creative Zones programme, all three zones have now moved into delivery and NTCA funding will run until 2026/27. The 3 zones are:

- **Newcastle** Clayton Street Corridor in the city centre, running from the Centre for Life through to Grainger Market.
- **North Shields Culture and Creative Zone**, located in an area covering the town centre and historic Northumberland Square, down to North Shields Fish Quay, taking in Howard Street and Bedford Street.
- **Berwick Culture and Creative Zone** located in the town centre, between The Maltings and Berwick Barracks.

5.3 The overall ambition is to establish North of Tyne as a supportive and attractive environment for creative and cultural businesses and practitioners to locate, start-up, grow, and flourish. The Zones will do this by investing in a range of interventions including affordable creative workspace; business support; skills development; and community engagement. As well as responding to the opportunities and challenges in their particular geographic locations, each Zone will provide a visible access point through which creative people and businesses from anywhere in North of Tyne can access opportunities and support.

5.4 Each local authority will manage the delivery of its own Zone, but it has been agreed by NTCA and the three local authorities that there would be benefit in delivering some activities collaboratively at North of Tyne level, including: coordination of business support and skills provision; profile raising and communication; and evaluation of the Zones programme.

## 6 Creative People: Skills for the Culture and Creative Sector

6.1 In March 2019, NTCA Cabinet agreed an allocation of £5m for Skills for Growth to ensure that NTCA funding for innovation and targeted investment was underpinned by development of the skills and talent pipeline. Priorities for this funding were further refined through agreement of sector narratives and £1.98m was allocated to five projects to support skills development in the culture and creative sector.

6.2 Following an EOI call, NTCA's skills team worked intensively with shortlisted projects to help them develop full business cases. Four creative skills projects were subsequently selected and approved by Investment Panel in April 2022. These projects are being connected into the Culture and Creative Zones in order to add value to the Zones programme. The four projects are:

- **Generator NE - Skills for Music and Performing Arts Professionals and Technicians**, supporting a thriving, inclusive music and performing arts industry in the North of Tyne by creating targeted training opportunities for current and aspiring professionals and technicians.
- **New Writing North - Writing and Publishing Skills Hub**, developing a skills focused team who will work with commercial, educational, community and higher education partners to develop and deliver a range of skills development opportunities that will reach a wide range of young people, students, SME's, freelancers and those already working in the sector.
- **Signpost Productions - Making Creativity Work**, a unique training experience aiming to diversify the talent pool of screen professionals in North of Tyne, equipping people to take up new opportunities in the region. The programme will focus on entry level to the screen industries and will be aimed at young people with disabilities aged 18-30 and other underrepresented groups who find themselves excluded from the sector.
- **The NewBridge Project – Collaborate: Skills and talent development pathways for creative practitioners**, providing a sector-leading, inclusive, needs-led pathway for freelancers to develop high level skills in creative arts practice. It draws on learning developed through three initiatives created in partnership with Newcastle University and seeks to redevelop, consolidate and scale these up to provide an accessible skills pathway for young people and people seeking to up/re-skill.

## 7 North of Tyne Tourism and Events Programme

- 7.1 The aim of the North of Tyne Events programme is to secure benefits to the area through investment in a programme of high quality cultural and sporting events capable of achieving national and international profile, which will attract significant number of people to the area throughout the year. The proposed approach for the North of Tyne includes:
- A year-round, multi-layered portfolio of events (local, anchor and major events) to deliver distinctive experiences for visitors and residents which will also support inclusive growth. The proposal is for NTCA to invest in a mix of established successful events in new events which can be developed; and in attracting national/international events to the region.
  - An offer which includes big-impact cultural and sporting highlights to achieve the ambition for events in the region.
  - Closer collaboration with the sector – engaging with a broader range of independent promoters, producers and venues. A vibrant independent events sector is vital to staging distinctive, high-quality events that people will travel for.
- 7.2 The events detailed in Appendix 1 have been funded through the Tourism and Events Programme. It is worth noting of the events which have been delivered so far, findings show that they have exceeded their outputs, with other events, still in delivery also on track. A full evaluation and economic impact assessment for the programme is being undertaken and will be available before March 2023 to inform the next steps in the events programme.
- 7.3 In addition to grant funded events, NTCA directly commissioned a Winter Festival: North of the Tyne, Under the Stars. Six neighbourhood events were delivered in venues/locations throughout the North of Tyne in February 2022, culminating in a 4-day Festival Finale in Newcastle in March 2022. The event attracted 55,000 visitors which included 1,110 overnight stays. The North of the Tyne, Under the Stars budget was £747,155, including a £100,000 contribution from Newcastle City Council. The spend by visitors attending the event is estimated to be £773,952.
- 7.4 In November 2021 Cabinet approved additional funding of £1m for the North of Tyne Tourism and Events Programme, to develop the pipeline for post 2023, establish an Events Scale-up programme and develop the existing pipeline to maintain pace.

7.5 The Events Scale-up Fund will support existing events that have been running for two-years or more to scale up. Through the fund it has also been possible to engage the broader events sector to inform and develop a robust pipeline of events in the NTCA area between Autumn 2022 – 2028 and establish a financially sustainable programme of events.

7.6 Funding is available for Public / Private sector Event organisers, VCSE and Charities, and can support scaling up Events with an existing audience, feasibility work, supply chain development and decarbonisation pilots for example. The Events Scale-up Fund was promoted via an ‘Open Call’ process and twenty applications were received. Out of twenty applications the following five events were taken forward in the first round:

- Great North Run Friday Events
- Berwick Film & Media Arts Festival
- North Sea Weekender
- Whitley Bay Carnival
- Morpeth Fair

The total amount allocated from the first round of the Events Scale-up Fund is £643,602. The remaining proposals have been added to a Pipeline of events which may be funded in the future through a variety of funding sources.

### **Tourism Products**

7.7 To enable the strategic aim of visitors ‘staying longer, doing more and spending more’, new ‘bookable products’ have also been developed as part of the North of Tyne Tourism and Events Programme. Products in this case include packages, tours and thematically presented collections of attractions and activities.

7.8 Working with partners, including our local authorities and our Destination Management Organisations (DMOs) - NewcastleGateshead Initiative and Visit Northumberland and our local authorities, a consensus has been reached on the strongest themes for the products, which have broad appeal, extend the bookable season for tourism and draw from the entire geography of NTCA.

7.9 The following Tourism Products have been developed and now in delivery. The products are bookable via the New Adventures website [www.newadventures.org.uk](http://www.newadventures.org.uk).

- **New Adventures** - led by NewcastleGateshead Initiative, in conjunction with Visit Northumberland and Visit North Tyneside/North Tyneside Council.
- **Dark Skies Star Trails** led by Visit Northumberland.
- **Equitable Experiences** led by NewcastleGateshead Initiative.

7.10 Also in the pipeline is a project to develop Alnwick as a Christmas destination, supporting a coordinated approach to visitor attraction by leveraging the profile of existing large attractions and aligning smaller businesses to activity.

## **8. Tourism Innovation & Localised Supply Chain**

8.1 Funded by the North of Tyne Combined Authority, the HITS programme (Hospitality, Innovation, Tourism, Supply) will help businesses of all sizes in Northumberland, Newcastle and North Tyneside meet the challenges facing the industry by adding innovation to their offer. It is delivered in partnership with Food & Drink North East and offers expert training to boost skills in the sector and invest in supply chain developments to raise awareness of local products and independent businesses with a wider audience. Innovation grant funding is available through a fund administered by NBSL.

8.2 The programme is designed around three pillars access to insights and case studies in innovation; opportunities to collaborate on innovation; and grant funding. The programme features innovation workshops; podcasts sharing relevant tourism innovation examples from around the world; meet the buyer event series; new supply chain platform; and training and business support.



8.3 The Grant element of the HITS programme (50% of the cost of eligible business spend towards Innovation Projects costing between £20,000 and £100,000) has been designed to encourage business investment in new-to-company or new-to-market Innovation. HITS can reduce the cost of Tourism, Hospitality and related Supply Chain businesses of undertaking Innovation Projects that can contribute to the following drivers – delivering business growth, supporting the safeguarding and creation of good quality jobs and driving economic impact in the Tourism and Hospitality sectors within the North of Tyne area.

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

The Culture, Creative and Tourism programme is a key component of the NTCA's work programme, as set out in the corporate plan, and is aligned to the delivery of our devolution targets.

#### **C Equalities implications**

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision 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.

#### **D Inclusive Economy and Wellbeing implications**

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account.

#### **E Climate Change implications**

Climate change implications are assessed on an individual project basis as part of the Investment Fund assessment process.

#### **F Consultation and engagement**

Stakeholders have been fully engaged in the development of project proposals and, as far as possible, wider engagement has been sought in the development of the programme.

#### **G Appendices**

Appendix A – North of Tyne Tourism and Events Programme

#### **H Background papers**

- North of Tyne Cabinet Report, 28<sup>th</sup> January 2020, Item 4a and 4b Investment Fund Update and Funding Approvals <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2020/08/NTCACabinet28January2020AgendaPack.pdf>
- North of Tyne Cabinet Report, 30<sup>th</sup> November 2021, Item 7, Investment Fund Update and Funding Approvals <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2021/11/Cabinet-30.11.2021-Agenda.pdf>
- North of Tyne Cabinet, 22<sup>nd</sup> March 2022, Item 8 Investment Fund Update and Funding Approvals <https://www.northoftyne-ca.gov.uk/wp-content/uploads/2022/03/Supplemental-Agenda-22.03.2022-1.pdf>

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#### **J Glossary**

NTCA North of Tyne Combined Authority  
DCMS. Department for Culture, Media and Sport

## Appendix A - North of Tyne Events Programme

EVENT	DATES	NTCA FUNDING	NO. OF ATTENDEES	NO. OF OVERNIGHT STAYS	NO. OF VOLUNTEERS	NO. OF PERFORMERS	ORGANISATION	EVENT LOCATION
Great North Run (inc. cultural wraparound)	12 Sep 2021	£400,000	210,000	15,750	2,500	400	The Great Run Company	Town Moor/ Newcastle City Centre
North Sea Weekender '21	9-10 Oct 2021	£36,000	20,000			100	North Tyneside Council	Whitley Bay, Cullercoats & Tynemouth
Hadrian's Wall 1900	24 Jan – 23 Dec 2022	£461,160	217,500	82,650	300	3,300	Hadrian's Wall Partnership, c/o Northumberland County Council	Throughout Hadrian's Wall World Heritage Site
Morph Trail	Jan - Mar 2022	£48,400	60,000				North Tyneside Council	Various locations within North Tyneside
Mouth of the Tyne Festival Collective	Jul - Aug 2022	£100,000 (£38,950 only spent)	2,500		10	20	North Tyneside Council	Various venues within North Tyneside
Lindisfarne Gospels (2022)	17 Sep – 3 Dec 2022	£500,000	300,000 overall with 60,000 Exhibition Tickets		90	12	Newcastle City Council / TWAM	Laing Art Gallery, Newcastle
Illuminated Sheep	30 Sep – 2 Dec 2022	£60,000	119,810		120		Northumberland County Council	35 locations within Northumberland
Rugby League World Cup (Cultural Wraparound & Festival of Rugby)	14 – 16 Oct 2022	£100,000	156,000				Newcastle City Council	Newcastle City Centre
North Sea Weekender '22	1 – 9 Oct 2022	£60,000	30,000		10	500	North Tyneside Council	Whitley Bay, Cullercoats & Tynemouth
<b>TOTAL</b>		<b>£1,704,510</b>	<b>1,175,810</b>	<b>98,400</b>	<b>3,030</b>	<b>6,312</b>		
<b>SCALE UP FUND</b>								

EVENT	DATES	NTCA FUNDING	NO. OF ATTENDEES	NO. OF OVERNIGHT STAYS	NO. OF VOLUNTEERS	NO. OF PERFORMERS	ORGANISATION	EVENT LOCATION
Great North Run Friday Events	Sept 2023, 2024, 2025	£150,000	27,225	2,200			The Great Run Company	Newcastle Quayside, Newcastle City Centre
Berwick Film & Media Arts Festival	3-5 Mar 2023, Spring 2024 & 2025	£169,602	31,120		150		Berwick Film & Media Arts Festival	
North Sea Weekender	Oct 2023, 2024, 2025	£180,000	110,000		30	2,100	North Tyneside Council	Whitley Bay, Cullercoats & Tynemouth
Whitley Bay Carnival	27-29 May 2023	£50,000	30,000	40	50		Salto Arts Productions Ltd	
Morpeth Fair	10-11 June 2023 & 15-16 June 2024	£94,000	90,000	180	80		Morpeth Fair	Morpeth Town Centre
<b>TOTAL Scale up Fund</b>		<b>£643,602</b>	<b>288,345</b>	<b>2,420</b>	<b>310</b>	<b>2,100</b>		
<b>TOTAL across Programme</b>		<b>£2,348,112</b>	<b>1,464,155</b>	<b>100,820</b>	<b>3,340</b>	<b>8,412</b>		

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Title: 2022/23 Quarter 2 NTCA Budget Monitor Report  
Report of: Janice Gillespie, Director of Finance

## Report Summary

This report is the second quarter monitoring report to Cabinet on the 2022/23 financial position. The report brings together the forecast financial position for both the Corporate, Investment Fund, Brownfield Housing Fund and Adult Education budget and provides an indication of the potential position of the Combined Authority on 31 March 2023. The report reflects a six-month budget review undertaken for the Combined Authority and the potential position on reserves at the year end.

This report also presents the Treasury Management Mid-Year Review up to and including 30 September 2022.

## Recommendations

The Overview and Scrutiny Committee is recommended to note the report on the 2022/23 Q2 NTCA Budget Monitor Report which was submitted and approved at Cabinet on 22 November 2022 (Appendix 1). This includes the Treasury Management Mid-Year Review up to 30 September 2022.

### A. Context

#### 1. Background

- 1.1 Cabinet approved the 2022/23 budget on 25 January 2022. Included in that budget was the estimated expenditure across the year for both the Corporate Budget, Investment Fund, Brownfield Housing Fund, and the Adult Education Budget.
- 1.2 The 2022/23 Q2 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 Since the budget for 2022/23 was approved, the Combined Authority has been allocated funding of £47.1m for UK Shared Prosperity Fund, 'core-UKSPF' and £4.1m for the 'Multiply' adult numeracy programme, covering the areas of Newcastle, North Tyneside, and Northumberland. The Multiply submission has been approved with delivery underway, and preparation of the Investment Plan for the core-UKSPF in readiness for Government Approval anticipated as part of the Autumn Statement.

### B. Impact on NTCA Objectives

1. The North of Tyne Combined Authority's Corporate Plan 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. Equalities implications

1. Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision 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. This report is reporting on the financial performance of the Authority and therefore any equality impact assessment on the individual project and programmes will have been undertaken.

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

1. The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account.

#### **E. Climate Change implications**

1. The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account.

#### **F. Consultation and engagement**

1. The 2022/23 NTCA Final Budget Proposals were subject to wide consultation both internally and externally.

#### **G. Appendices**

Appendix 1 2022/23 Quarter 2 NTCA Budget Monitor Report to Cabinet.

#### **H. Background papers**

Cabinet 25 January 2022 – 2026 Budget Report

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

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#### **J. Glossary**

AEB	Adult Education Budget
NTCA	North of Tyne Combined Authority
Core-UKSPF	UK Shared Prosperity Fund

## Report Summary

This report is the second quarter monitoring report to Cabinet on the 2022/23 financial position. The report brings together the forecast financial position for both the Corporate, Investment Fund, Brownfield Housing Fund and Adult Education budget and provides an indication of the potential position of the Combined Authority on 31 March 2023. The report reflects a six-month budget review undertaken for the Combined Authority and the potential position on reserves at the year end.

This report also presents the Treasury Management Mid-Year Review up to and including 30 September 2022.

## Recommendations

The Cabinet is recommended to note the forecast budget monitoring position for the Combined Authority as set out in sections 2, 3, 4, 5 and 6 and the reserves position in 7.

### A. Context

#### 1. Background

- 1.1 Cabinet approved the 2022/23 budget on 25 January 2022. Included in that budget was the estimated expenditure across the year for both the Corporate Budget, Investment Fund, Brownfield Housing Fund, and the Adult Education Budget.
- 1.2 The 2022/23 Q2 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 Since the budget for 2022/23 was approved, the Combined Authority has been allocated funding of £47.1m for UK Shared Prosperity Fund, 'core-UKSPF' and £4.1m for the 'Multiply' adult numeracy programme, covering the areas of Newcastle, North Tyneside, and Northumberland. The Multiply submission has been approved with delivery underway, and preparation of the Investment Plan for the core-UKSPF in readiness for Government Approval anticipated as part of the Autumn Statement

#### 2. Corporate Budget

- 2.1 The Corporate budget for 2022/23 set a net zero position covering the costs associated with the capacity required to deliver.
- 2.2 Table 1 overleaf reflects the 2022/23 forecast position across the key income and expenditure heads within the Corporate Budget head.

**Table 1 Q2 2022/23 Corporate Budget Monitor**

	<b>2022/23 £m</b>	<b>Forecast £'000</b>	<b>Variance £000</b>
<b>Expenditure</b>			
Staffing	3.145	3.700	0.555
Mayor's Office	0.248	0.244	(0.004)
Other Costs	1.203	1.303	0.100
Contribution to Reserves	0.800	0.800	0.000
Transport Levy	29.335	29.335	0.000
SLAs	0.285	0.294	0.009
<b>Total Expenditure</b>	<b>35.016</b>	<b>35.676</b>	<b>0.660</b>
<b>Income</b>			
Mayoral Capacity Fund	(1.000)	(1.000)	0.000
Constituent Authority Contributions	(0.111)	(0.111)	0.000
Investment Fund Contribution	(2.650)	(2.650)	0.000
AEB Contribution	(0.678)	(0.708)	(0.030)
Bootcamp Contribution	0.000	(0.503)	(0.503)
Investment Fund Workstreams	(0.773)	(0.773)	0.000
Other Contributions	(0.294)	(0.294)	0.000
Interest on Investments	(0.175)	(0.302)	(0.127)
Contribution from Reserves	0.000	0.000	0.000
Transport Levy	(29.335)	(29.335)	0.000
<b>Total Income</b>	<b>(35.016)</b>	<b>(35.676)</b>	<b>(0.660)</b>
<b>Net Position (Inc)/Exp</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

- 2.3 Gross expenditure is anticipated to exceed budget by £0.660m at this point in the new financial year, £0.551m of this is in relation to an increase in employee expenditure, the Mayor's Office showing a slight underspend against budget (£0.004m). The additional employee expenditure is funded through increased income in respect of Bootcamp Funding and increased AEB devolved funded as set out in Table 1 above. There are now 64 staff directly employed by the Combined Authority, with an additional 4 vacant posts being recruited to within the Inclusive Growth Team to support on the delivery of the new Bootcamp Funding and an additional post to support on Inclusive Economy delivery. Workforce planning continues to be reviewed in line with accelerated delivery across a number of projects and programmes including anticipated delivery against the new UK Shared Prosperity Funding (core-UKSPF). Expenditure on Service Level Agreements (SLA) is anticipated to exceed the original budget level by £0.009m due to anticipated increase in line with inflation.
- 2.4 Other costs include budgeted expenditure on accommodation, travel and subsistence, external advisors, communications, and marketing in addition to recruitment and training. Some of these budget heads in the previous two financial years had reflected large underspends due to the pandemic forcing home working and therefore travel and training activity to be reduced. However, in 2022/23 the organisation, is investing heavily in training and development to ensure staff are fully equipped with the right skill set to meet ongoing demands as the organisation continues to grow and expand, and personal development plans which will contribute towards staff morale and retention. The accommodation budget (£0.350m) is sufficient to meet the day to day running costs of occupying the Lumen building and to create a reserve for future dilapidation costs. It is anticipated that there will be an immediate requirement for more desks in the current financial year in line with the increased workforce. Other costs reflect an increase of £0.100m against budget reflecting operational costs associated with delivery on Bootcamps funded from within the grant funding allocation.



2.5 In terms of the increased Income as mentioned in paragraph 2.3 above is mainly as a result of the Bootcamp funding. Investment income is forecast to exceed budget by £0.127m at this point in the financial year, reflecting the more recent increase in interest rates. Total investment income secured at the end of quarter 2 is £0.530m this is split approximately 57% NTCA and 43% North East LEP based on level of funds invested.

### 3. Investment Fund

- 3.1 Delivery on the Investment Fund continues, with 127 projects now approved, 116 of which are live. At the time of reporting, end of September 2022, the Combined Authority has achieved:
- A contracted spend of £106.68m
  - These projects will attract £292.015m of private sector leverage and are forecast to deliver 4,635 jobs and safeguard a further 2,643
  - Of these, the first 962 new jobs have been created with North East residents employed as a direct result of NTCA Investment, 1,663 have been confirmed as safeguarded.

Collaborating with Local Authority partners and project applicants is a high priority for financial year 2022/23. Table 2 below sets out the commitments against the key themes of the Investment Fund.

**Table 2 Commitment against Investment Fund Thematic Area Allocation**

	<b>Committed</b>	<b>Allocation</b>	<b>% Allocated</b>
	<b>£m</b>	<b>£m</b>	
Business	43.71	45.30	96%
People	19.04	17.30	110%
Place	23.37	13.25	176%
Major Strategic Economic Opportunities	17.10	9.65	177%
Business Case Development Fund	3.46	4.50	77%
	<b>106.68</b>	<b>90.00</b>	<b>119%</b>

- 3.2 The Investment Fund Programme continues to grow as projects progress through the pipeline. There have been key funding proposals coming forward for consideration, around innovation and supporting our key sectors. Work continues at pace to operationalise the headline sector strategies agreed by Cabinet. In addition, there is a step change in the volume of contracts and supporting financial claims as projects and programmes come to fruition. Table 3 overleaf shows the forecast position for the Investment Fund in 2022/23.

**Table 3 Investment Fund Q2 Budget Monitor**

Investment Fund	Budget £m	Actual at Qtr. 2 £m	Forecast £m	Variance £m
<b>Expenditure</b>				
Business Case Development Fund	0.500	0.267	0.500	0.233
Investment Projects	41.600	14.671	41.600	26.929
Technical Assistance	0.250	0.145	0.250	0.105
Contribution to Corporate	2.650	0.265	2.650	2.385
<b>Gross Expenditure</b>	<b>45.000</b>	<b>15.348</b>	<b>45.000</b>	<b>29.652</b>
<b>Income</b>				
Investment Fund	(20.000)	(20.000)	(20.000)	0.000
<b>Total Income</b>	<b>(20.000)</b>	<b>(20.000)</b>	<b>(20.000)</b>	<b>0.000</b>
<b>Net Position (Income)/Expenditure</b>	<b>25.000</b>	<b>(4.652)</b>	<b>25.000</b>	<b>20.348</b>
<b>Investment Reserve brought forward</b>	<b>(54.048)</b>	<b>(54.048)</b>	<b>(54.048)</b>	-
<b>Net Investment Fund Reserve carried forward</b>	<b>(29.048)</b>		<b>(29.048)</b>	-

3.3 The economic outlook is dominated by increased cost of living prices and signs of a weakening economy, with inflation rising to approximately 10%. Despite this backdrop the Combined Authority continues to invest to support inclusive economic growth. The quality of delivery continues to be strong. Relationships with grant recipients remain strong and organisations have been keen to work with NTCA to design and embed innovative delivery approaches, ensuring that projects can continue to meet the aims, objectives, and outputs that they set out to achieve. Additionally, the pipeline has continued to develop with a number of schemes to be delivered in 2022/23, including:

- Town and High Streets Programme (£6.000m) which is now moving into delivery.
- £0.700m of new funding to support a significant expansion of the Good Work Pledge programme, helping good employers gain recognition for their work and supporting other businesses to work towards becoming a better employer.
- £2.800m of site preparation works at Howdon Yard in the Port of Tyne's Clean Energy Park, providing further opportunities for investment by the offshore wind sector. This is part of a wider £25m programme which will create jobs and support the transition to low-carbon energy generation.
- £1.500m to enhance Berwick's growing reputation as a renowned arts town and celebrated cultural destination and provide a supportive and attractive environment in which cultural and creative businesses and people can develop and thrive. This follows £3m of previous cultural investment focused on the 'Clayton Street Corridor' and North Shields Town Centre.

3.4 Within the above investment fund workstream the following projects includes funding to be spent on capital schemes, see Table 4 overleaf:

**Table 4 Investment Fund Capital Schemes**

Project	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Return to Work		0.002		0.028		0.030
North of Tyne Science Education Enrichment	0.023					0.023
NTCA Heritage STEM: Our Past, Your Future		0.007				0.007
NU futures		0.336	1.637	0.062		2.035
North bank of the Tyne EZ - Phase 1				0.250	0.550	0.800
North Shields Fish Quay			0.346	1.194		1.540
Bates Clean Energy Terminal			0.752	1.571		2.323
Swans Energy Park				2.000		2.000
Spirit of North Tyneside				0.250		0.250
Community Hubs Northumberland			0.010	0.165		0.175
NEP1 Battle Wharf				0.509	0.742	1.251
CCZ - North Tyneside				0.350	0.450	0.800
Energy Central Learning Hub (ECLH)				1.000	1.000	2.000
Towns High Streets Innovation Prog. - Newcastle				0.830	1.070	1.900
Towns High Streets Innovation Prog. - North Tyneside				0.830	1.070	1.900
Towns High Streets Innovation Prog. – Northumberland				0.830	1.070	1.900
Technology Development Centre				1.200	0.800	2.000
Tyne Clean Energy Park, Howdon Yard				2.791	0.038	2.829
<b>Total</b>	<b>0.023</b>	<b>0.345</b>	<b>2.745</b>	<b>13.860</b>	<b>6.790</b>	<b>23.763</b>

#### 4. Brownfield Housing Fund (BFH)

- 4.1 The Brownfield Housing Fund (BFH) is the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least two thousand 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.
- 4.2 An extension to Brownfield Housing Fund (BFH) 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 has been awarded £7.96 million, bringing the total amount of NTCA BHF funding to £31.820 million.
- 4.3 A call for sites was undertaken in Autumn 2021 to identify additional sites for the fund and to build the Brownfield pipeline in anticipation of future funding. This position provides enough flexibility to manage the programme and NTCA, in collaboration with partners will continue to develop the pipeline of schemes to manage a deliverable capital programme which meets the requirements and timescales set out by DLUHC.
- 4.4 In terms of approvals to date, NTCA have approved eight schemes with a total commitment of £18.000m. These schemes are forecasting the creation of 1,644 housing units with the extended pipeline accounting for 4,215, this is set against the DLUHC target of 2,000. Five schemes have been contracted two of which have spent their allocated BHF funding, two of which are delivering on the ground and one which is expected to start on site imminently. One scheme has recently gained

planning consent and has appointed a contractor with a view to starting on site before the end of the financial year. Two further schemes are awaiting planning application decisions. Forecast private sector leverage for the contracted projects stands at £128.190m.

- 4.5 Risk around performance has increased because of delays in year 1 and 2 resulting in a revised profile to DLUCH as detailed below in Table 5.

**Table 5 Brownfield Housing Funding up dated Profile including additional allocation of funds**

	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	£m	£m	£m	£m	£m	£m
<b>Original Funding Profile</b>	<b>23.854</b>	4.854	8.100	6.700	3.100	1.100
<b>Reprofiled Projected Programme Spend</b>	<b>31.820</b>	0.568	3.385	10.563	14.056	3.248

## 5. Adult Education Budget (AEB)

- 5.1 In August 2020 NTCA took control of £23.145m devolved Adult Education Budget for the academic year 2020/21. Annual funding for this and subsequent years was set just above £23.100m.
- 5.2 The Department of Education have confirmed NTCA's devolved AEB allocation for the period 1 August 2022 to July 2023 is £23.587m plus an additional £1.959m for the delegated Free Courses for Jobs bringing the total AEB in 2022/23 academic year to £25.546m.
- 5.3 Since the beginning of August 2021 over 28,600 enrolment opportunities have been delivered or are being undertaken.
- 5.4 Covid-19 impacts on face-to-face learning have eased in 2022/23. The impact was still evident last academic year however, with some providers under delivering. Under delivery for procured services will be clawed back if profile payments exceed actual delivery. For grant funded providers it had been suggested that they can submit a Cost Analysis Statement (CAS), setting out extenuating circumstances due to Covid-19 for under-delivery and any costs incurred which are related to AEB delivery but which are not captured in the ILR data returns.
- 5.5 Table 6 below shows the AEB Forecast for the academic year 2022/23. It is anticipated there will be sufficient under-delivery in Academic Year (AY) 2021/22 to cover the forecast delivery in 2022/23. The final reconciliation of AY 2021/22 will take place in November. Table 7 overleaf reflects the 2022/23 Financial Year.

**Table 6 Adult Education Budget Forecast Academic Year 2022/23**

	Academic Year 2022/23		
	Budget £'000	Forecast £'000	Variance £'000
<b>Expenditure</b>			
Grant Awards	15.369	15.550	0.181
Procured Services	6.659	7.902	1.243
Corporate Contribution	0.678	0.708	0.030
Courses for Jobs	-	1.116	1.116
<b>Gross Expenditure</b>	<b>22.706</b>	<b>25.276</b>	<b>2.570</b>
<b>Income</b>	<b>(22.706)</b>	<b>(25.276)</b>	<b>(2.570)</b>
<b>Gross Income</b>	<b>(22.706)</b>	<b>(25.276)</b>	<b>(2.570)</b>
<b>Net Position (Income)/Expenditure</b>	-	-	-

**Table 7 Adult Education Budget Financial Year 2022/23**

Financial Year 2022/23	1 Apr 2022 - 31 Jul 2022 £m	1 Aug 2022 - 31 Mar 2023 £m	Total £m
Devolved Adult Education Budget	8.801	14.651	23.452
Free Courses for Jobs Funding	0.490	0.626	1.116
Corporate Contribution	0.236	0.472	0.708
<b>Gross Expenditure</b>	<b>9.527</b>	<b>15.749</b>	<b>25.276</b>
<b>Income</b>	<b>(9.527)</b>	<b>(15.749)</b>	<b>(25.276)</b>
<b>Gross Income</b>	<b>(9.527)</b>	<b>(15.749)</b>	<b>(25.276)</b>
<b>Net Position</b>	-	-	-

- 5.6 Funding has been secured from the National Skills Fund to run a series of Skills Bootcamps in a range of sectors allowing residents to train and gain skills needed to improve job prospects. Examples of the sectors covered are digital, technical, construction, logistics and green skills.

Table 8 below shows the budget and forecast position for Bootcamps delivery 2022/23.

**Table 8 Bootcamps 2022/23**

	Financial Year 2022/23		
	Budget £'000	Forecast £'000	Variance £'000
<b>Expenditure</b>			
Procured Services	5.029	5.029	0.000
Overhead Contribution	0.503	0.503	0.000
<b>Gross Expenditure</b>	<b>5.532</b>	<b>5.532</b>	<b>0.000</b>
<b>Income</b>	<b>(5.532)</b>	<b>(5.532)</b>	<b>(0.000)</b>
<b>Gross Income</b>	<b>(5.532)</b>	<b>(5.532)</b>	<b>(0.000)</b>
<b>Net Position (Income)/Expenditure</b>	-	-	-

- 5.7 The new Shared Prosperity Funding (Core-UKSPF) includes Multiply funding, £4.1m over three years. The funding is aimed at improving adult numeracy skills. In doing so, new job or training opportunities will be unlocked for residents. Table 9 shows the budget and forecast position for delivery against Multiply for 2022/23 the first year of delivery, based on the approved delivery plan.

**Table 9 Multiply 2022/23 Forecast Position**

	Financial Year 2022/23		
	Budget £'000	Forecast £'000	Variance £'000
<b>Expenditure</b>			
<b>Grant Awards</b>	1.081	1.081	-
Procured Services	0.042	0.042	-
Overhead Contribution	0.125	0.125	-
<b>Gross Expenditure</b>	<b>1.248</b>	<b>1.248</b>	-
<b>Income</b>	<b>(1.248)</b>	<b>(1.248)</b>	-
<b>Gross Income</b>	<b>(1.248)</b>	<b>(1.248)</b>	-
<b>Net Position (Income)/Expenditure</b>	-	-	-

## 6.0 UK Shared Prosperity Fund (UKSPF)

- 6.1 The UK Shared Prosperity Fund (UKSPF or the Fund) is a new funding stream providing £2.6 billion of new funding for local investment by March 2025. It seizes the opportunities of leaving the European Union, by investing 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.
- 6.2 The £51.2m UKSPF allocation in respect of NTCA is mainly revenue funding, although it does include capital funding of around £8m. UKSPF funding will be invested in the North of Tyne area as reflected in Table 10.

**Table 10 UKSPF Budget Profile**

UKSPF Investment Priorities	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m
Community and Place	2.286	4.300	9.300	15.886
Supporting Businesses	3.428	4.094	11.583	19.105
People and Skills	-	3.034	9.059	12.093
<b>Total Core UKSPF</b>	<b>5.714</b>	<b>11.428</b>	<b>29.942</b>	<b>47.084</b>
Multiply Programme	1.248	1.440	1.440	4.128
<b>Total UKSPF incl. Multiply</b>	<b>6.962</b>	<b>12.868</b>	<b>31.382</b>	<b>51.212</b>

- 6.3 The first wave of the adult numeracy 'Multiply' programme started in October 2022, as detailed in paragraph 5.7. Advanced preparations are under way for the 'core UKSPF', in readiness for approval from Government, this approval from Government was expected in October 2022, and now is anticipated to form part of the Autumn Statement. This delay will put pressure on delivery within a shortened timeframe. To mobilise delivery quickly once funding is received a number of key partners and stakeholders involved in the design of the programme are engaging with target recipients. However, if spend targets for 2022/23 remain at the same level without flexibility to slip into 2023/24, funding swops will be required to be considered. Funding swops are now being discussed in readiness for the announcement from Government which will be reported to Cabinet in the next Financial Management report.

## 7. Reserves

- 7.1 The forecast position on reserves held on 31 March 2022/23 are detailed below in Table 10.

**Table 10 Reserves as of 31 March 2023**

Reserves Statement	2021/22	Movement (from)/to Reserves	2022/23
	£m	£m	£m
Preparing to Exit EU	0.050	(0.050)	0.000
Strategic Reserve	0.200	-	0.200
Investment Fund Reserve	54.048	(25.000)	29.048
Adult Education Budget	3.220	(3.220)	0.000
Other grant reserves: Kickstart, Bootcamps, Defra Rural, CRF	1.095	(1.095)	0.000

<b>Total General (Useable) Reserves</b>	<b>58.613</b>	<b>29.365</b>	<b>29.248</b>
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7.2 Based on the forecast position at Q2 the position on the Investment Fund Reserves will decrease to £29.048m based on the current trajectory on the Investment Fund. The level of the Investment Fund Reserve reflects Investment Fund monies received to date of £100.000m with delivery on projects in 2022/23 anticipated to be £45.000m.

7.3 It is anticipated that the balance of unallocated Adult Education Budget (£3.220m), again due to impact of Covid 19 will be allocated during the academic year August 2022 through to July 2023, with all funding received for the academic year anticipated to be fully allocated also. Other grant reserves such as the Preparing to Exit EU grant, Kickstart, Bootcamps, Defra Rural and CRF are anticipated to be used in 2022/23 in delivery against the relevant programmes. The Strategic Reserve continues to be maintained at £0.200m in line with the Reserves and Balances Policy.

## **B. Potential Impact on Objectives**

1. The North of Tyne Combined Authority's Corporate Plan 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. Inflation rises will have an impact on cost of delivery on programmed spend on projects which could result in an increase on funding requests. Supply chain delays may also impact on delivery on projects.

## **D. Financial and Other Resources Implications**

1. This is a financial report with any financial or resource implications set out in the report.
2. The Mayor and Cabinet need to have due regard to the Chief Finance Officer'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. NTCA follows the Public Sector Equality duty and this report has due regard to the need to achieve the objectives set out under section 149 of the Equality Act 2010. There are no direct equalities implications arising from the recommendations in this report. There are no direct equalities implications arising out of the recommendations in this report.

## **G. Inclusive Economy Implications**

1. There are no direct inclusive economy or wellbeing implications arising from the proposals in the report itself but all activities undertaken by NTCA take these into consideration.

## **H. Climate Change Implications**

1. There are no direct climate change implications arising out of the recommendations in this report but all activities undertaken by NTCA take these into consideration.

## **I. Consultation and Engagement**

1. The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2022/23 budget was subject to wide consultation across the North of Tyne Region. The constituent authorities have been consulted directly on the production of the 2022/23 Budget and 2021/22 Outturn statement.

## **J. Appendices**

Appendix A - 2022/23 Treasury Management Mid-Year Review

## **K. Background Papers**

1. 25 January 2022 NTCA Budget Report

## **L. Contact Officers**

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## **M. Glossary**

AEB	Adult Education Budget
NTCA	North of Tyne Combined Authority
Core-UKSPF	UK Shared Prosperity Fund



# Treasury Management Strategy Statement and Annual Investment Strategy

Mid-Year Review Report 2022/23

## **A. Context**

### **1. Introduction**

1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Combined Authorities treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Combined Authority will seek to achieve those policies and objectives.
3. Receipt by Cabinet of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead (where applicable), a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Cabinet of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2022/23 financial year.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Combined Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators (where applicable).
- A review of the Combined Authority's investment portfolio for 2022/23.
- A review of the Combined Authority's borrowing strategy for 2022/23 (where applicable).
- A review of any debt rescheduling undertaken during 2022/23 (where applicable).
- A review of compliance with Treasury and Prudential Limits for 2022/23.

### **2. Treasury Management**

2.1 The Combined Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

2.2 The second main function of the treasury management service is the funding of the Combined Authorities capital plans. These capital plans provide a guide to the borrowing need of the Combined Authority essentially the longer-term cash flow planning to ensure the Combined Authority can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Combined Authority risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 2.3 The Combined Authority only received borrowing powers at the end of 2021/22 and has no current plans to borrow in 2022/2023, although a provisional borrowing limit of £20m was included within the 2022-23 Treasury Management Strategy in relation to Enterprise Zone round 1, pending agreeing a debt cap with HM Treasury. This, however, was not required. The Combined Authority are currently in communication with HM Treasury on the debt cap for 2023/24.
- 2.4 The Combined Authority delegates responsibility for the implementation and regular review of its treasury management policies and practices and for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the Combined Authority's policy statement and TMPs and if that officer is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management. Cabinet has responsibility to ensure the implementation and regular monitoring of its treasury management policies delegates the responsibility for the execution and administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs.
- 2.5 Responsibility for ensuring effective scrutiny of the Treasury Management Strategy and Treasury Management Policies is delegated to Overview and Scrutiny Committee.
- 2.6 The Combined Authority's Treasury Management function is managed under a service level agreement with North Tyneside Council.
- 2.7 The Treasury Management functions of the Joint Transport Committee are approved as part of the North East Combined Authority (NECA) budget setting process in their role as Accountable Body. A review of the NECA Treasury Management Strategy has been undertaken and is in line with that of the Combined Authority.

### **3. Capital Strategy**

- 3.1 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all public authorities to prepare a Capital Strategy which is to provide the following: -
- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
  - an overview of how the associated risk is managed.
  - the implications for future financial sustainability.
- 3.2 The Combined Authority only received borrowing powers at the end of 2021/22 and are currently in communication with the HM Treasury on the debt cap for 2023/24. Following this a Capital Strategy for the Combined Authority will be developed and reported to Cabinet in January 2023 as part of the Treasury Management Strategy Statement for 2023/24.

### **4. Economic Update**

- 4.1 Link Group provide Treasury Management advice to the Combined Authority, below is their Economic update for the first half 2022/23:

The second quarter of 2022/23 saw:

- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being.
- Signs of economic activity losing momentum as production fell due to rising energy prices.
- CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term.
- The unemployment rate falls to a 48-year low of 3.6% due to a large shortfall in labour supply.
- Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come.

- Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- 4.2 The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
  - 4.3 There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
  - 4.4 The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
  - 4.5 CPI inflation eased from 10.1% in July to 9.9% in August, though inflation had not peaked yet. The easing in August was due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
  - 4.6 However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
  - 4.7 Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
  - 4.8 Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government’s fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and seventy-five basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%).

## 5. Interest Rate Forecasts

- 5.1 The Combined Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Combined Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.
- 5.2 The latest forecast on 27<sup>th</sup> September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.
- 5.3 The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September’s “fiscal event”. To that end, the MPC has tightened short-term interest rates with a view to trying to slow the

economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

- 5.4 The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

- 5.5 Since the above update at the end of September, the Bank of England’s Monetary Policy Committee (MPC) increased Bank Rate to 3.00% from 2.25%.

The increase was made 3 November and reflected a split vote –seven members voting for a 75 basis points increase, one for 50 basis points and one for 25 bp. The MPC continues to grapple with getting inflation back on track over a three-year horizon.

#### Link Group updated Interest Rate Forecast

Comparison of forecasts for Bank Rate today v. previous forecast													
Bank Rate	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
08.11.22	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
27.09.22	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50	-
Change	-0.50	-0.75	-0.50	-0.50	0.00	0.00	0.00	0.25	0.25	0.25	0.00	0.00	-

## 6. Treasury Management Strategy Statement and Annual Investment Strategy Update

- 6.1 The Treasury Management Strategy Statement (TMSS) for 2022/2023 was approved by Cabinet on 25 January 2022. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

- 6.2 In accordance with the CIPFA Treasury Management Code of Practice, the Combined Authority’s Annual Investment Strategy sets out the Combined Authority’s investment priorities as being:

- Security of capital
- Liquidity
- Yield

- 6.3 The Combined Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Combined Authority’s risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach. Following the Government’s fiscal event on 23 September, both S&P and Fitch have placed the UK Sovereign debt rating on negative outlook. Reflecting a downside bias to the current ratings in light of expectations of weaker finances and the economic outlook.

- 6.4 Investment Balances - The average level of funds available for investment purposes during the first half of the financial year was £130m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of receipt of grants and progress on delivery of grant funded projects and programmes. The Combined Authority is the accountable body for the North East LEP (LEP) and as such NTCA is responsible for managing the cashflow of the LEP in addition to its own.

**Table 1. NTCA Treasury Portfolio as at 30 September 2022**

Investments with	Level of Funds Invested	Average Rate of Interest
Local Authorities	£130,000,000	0.13%

- 6.5 To date the Combined Authority has invested solely in investments defined as Specified Investments these are investments which are denominated in sterling; repayable within 12 months (either because of an expiry date or through a non-conditional option); not defined as capital expenditure by legislation; and invested with a body or in an investment scheme described as high quality or invested with one of: the UK Government; a Local Authority; or a Parish Council or Community Council. The Combined Authority's financial limits against this type of investment are shown Table 2.

**Table 2. NTCA Investment Limits**

Type of institution	Financial Limit	Time Limit
UK central government (Debt Management Office)	£50m	Unlimited
Money Market Funds AAA	£5m each	Liquid
Term deposits with Bank and Building Societies	£5m each	12 months 6 months 100 days Not for use
UK Local authorities	£10m each	1 year
Certificate of Deposits with banks and building societies	£5m each	12 months 6 months 100 days Not for use
UK Government Treasury Bills	£10m each	1 year
Local Authority controlled companies in the NTCA area	£5m	5 years

## 7. Borrowing Strategy

- 7.1 Previously, the Combined Authority did not have powers to borrow other than for Transport responsibilities with a proportion of the outstanding balance of the loans and investments in relation to Transport (based on the share of Tyne and Wear population in each Combined Authority area) shown in the balance sheets of the two Combined Authorities as part of their Year-end accounts. A summary therefore of the actual loans outstanding and authorised borrowing limit in relation to Transport is reflected in the Treasury Management Strategy of the NTCA.
- 7.2 Prudential Indicators and Minimum Revenue Provision (MRP) Policy. The new arrangements set out in the NECA (North East Combined Authority) and NTCA Orders require decisions about the Transport Revenue budget and Levies and the Transport Capital Programme to be determined by the Joint Transport Committee (JTC). The transport functions and assets still rest with each

Combined Authority but can only be exercised or deployed through the decisions of the Joint Transport Committee.

- 7.3 Compliance with Treasury and Prudential Limits - It is a statutory duty for the Combined Authority to determine and keep under review the affordable borrowing limits. Once a debt cap for 2023/24 is agreed with HM Treasury a Minimum Revenue Provision (MRP) Policy Statement for the NTCA will be developed and brought to Cabinet.
- 7.4 An authorised borrowing limit of £20.000m in advance of agreeing a debt cap with Treasury was agreed in 2022/23 Treasury Management Strategy.

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Title: NTCA 2023-2027 Draft Budget Proposals  
Report of: Director of Finance, Janice Gillespie

## Report Summary

The purpose of this report is to present to Overview and Scrutiny Committee the initial draft budget for the North of Tyne Combined Authority (NTCA) for 2023-24, and the medium-term financial plan for the period 2024-25 to 2026-27. The report will outline the draft budget in respect of the Corporate Budget, Investment Fund, Adult Education Budget, and the Brownfield Housing Fund. The report will also outline budget proposals for new funding stream allocations in respect of UKSPF (UK Shared Prosperity Fund) and Multiply.

The timing of this report is such that the budget proposals have been developed prior to the announcement of the Autumn Statement. Implications flowing from this Announcement will be reflected in the Final Budget Proposals to Cabinet. NTCA is the accountable body for the North East Local Enterprise Partnership (LEP) and as such this report includes proposals for the North East LEP accountable body budget.

The Draft Budget Report also appends the Draft Treasury Management Strategy, Minimum Revenue Provision Policy (MRP) and Annual Investment Strategy 2023/24.

## Recommendations

The Overview and Scrutiny Committee is recommended to

- 1) Note the report on the 2023-2027 NTCA Draft Budget Proposals which was submitted and approved at Cabinet on 22 November 2022. (Appendix 1)
- 2) Make any comments and recommendations to the Director of Finance in relation to the 2023-2027 NTCA Draft Budget Proposals
- 3) Agree to grant authority to the Chair of the Committee, in consultation with the Vice Chair, to approve any recommendations in relation to the draft budget proposals the Committee may have after their budget workshop on 17 January 2023 for submission to Cabinet on 31 January 2023.

### A. Context

#### 1. Background

- 1.1 The draft budget and medium-term financial plan were agreed by Cabinet on 22 November 2022 and have been developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the authority's strategic plans can be delivered within the financial resources available.
- 1.2 In developing these budget proposals, the Mayor and Cabinet have been clear in their approach to ensuring the North of Tyne Combined Authority is a lean and innovative organisation. The budget proposals include the anticipated capacity required to deliver the ambition of the Combined Authority. In the light of increasing numbers of projects and programmes, this has included recruitment, capacity management and retention of a competent, productive, and collegiate workforce with the aim of creating a long-term staffing plan. The organisation may grow in the future and that will be based on a set of consistent set of agreed principles appropriate for the Combined Authority.
- 1.3 The draft budget proposals outlined in this report reflect the current structure of the North of Tyne Combined Authority. The draft budget proposals are also drafted prior to the announcement of the autumn statement any implications arising from the autumn statement will be reflected in the final

budget proposals presented to Cabinet 31 January 2023.

- 1.4 The draft proposals reflect the Corporate Plan as approved on 7 June 2022. The Corporate Plan is currently under review and a refreshed version will be agreed in the new year. This will set out the ambitions of Cabinet for the Authority, both immediately and in the future, with a roadmap for action. It will capture the breadth of work undertaken and ensure activities are aligned allowing for clear collaborative working.
- 1.5 The initial budget proposals set out in this report will be subject to further discussion and Consultation, including the public, with the final budget proposal presented to Cabinet 31 January 2023.

## **2. Budget Workshop**

- 2.1. The Overview and Scrutiny Committee agreed in July that as part of its work programme it would hold a workshop in January 2023 to consider in detail the Authority's draft budget proposals and make any recommendations to Cabinet. This workshop is taking place on Tuesday 17 January 2023.
- 2.2. Any recommendations/observations the Committee makes on the budget proposals after this workshop will be submitted to Cabinet and Cabinet must have regard to any recommendations and/or observations from the Overview and Scrutiny Committee when formulating their final proposals. Cabinet are expected to approve their final budget proposals at a meeting on 31 January 2023.
- 2.3. Due to the short timeframe between the workshop and the Cabinet meeting, the Committee is recommended to agree to grant authority to the Chair of the Committee to approve the final wording of any recommendations in relation to the budget proposals the Committee may have after the budget workshop for submission to Cabinet. The Committee will have agreed the recommendations in principle at the workshop.

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

1. The North of Tyne Combined Authority Corporate Plan sets out the strategic objectives of the Authority. The budget will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies, and priorities.

## **C. Equalities implications**

1. The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made.
2. The Authority will continually monitor the effect of our Budget-setting process and decision-making, utilising equality impact assessments and reflecting the Authority's equalities objectives.

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

1. There are no direct inclusive economy implications arising from the recommendations in this report. However, EIA's include inclusive economy implications and NTCA has adopted socio-economic disadvantage as a protected characteristic.

## **E. Climate Change implications**

1. There is no direct climate changed implications arising from report itself, but all activities undertaken by NTCA take these into consideration.

## **F. Consultation and engagement**

1. The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2023/24 Draft Budget is based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision as detailed in the Corporate Plan agreed by Cabinet and shared with stakeholders in a range of events.
2. Consultation with the Business Community and the Community and Voluntary Sector has continued throughout the budget process as part of the overall approach to engagement undertaken with these sectors. In addition, the attendance of the Ambassador for the Community and Voluntary sector at Cabinet will add to the opportunity for engagement.
3. The public are invited to comment on the draft budget proposals through the NTCA website and any comments received will be reported to the Overview and Scrutiny Committee workshop in January 2023. In line with a recommendation from the Overview and Scrutiny Committee last year, the Constituent Authorities have been requested to include information on their websites regarding the consultation on NTCA's budget proposals.

## **G. Appendices**

Appendix 1 2023-2027 NTCA Draft Budget Proposals including Draft Treasury Management Statement, MRP and Investment Strategy

## **H. Background papers**

25 January 2022 Financial Plan and Budget.  
15 November North East Transport Committee Transport Budget 2023/24 and Forecast of Outturn 2022-23.  
NTCA Corporate Plan 2022/23

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

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

## **J. Glossary**

BFH	Brownfield Housing Fund
AEB	Adult Education Budget
LEP	North East Local Enterprise Partnership
INEE (Invest North East England)	Invest North East England
MRP	Minimum Revenue Provision

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**Subject: NTCA 2023-2027 Draft Budget Proposals**  
**Report of: Director of Finance, Janice Gillespie**  
**Portfolio: Investment and Resources**

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## Report Summary

The purpose of this report is for Cabinet to consider the initial draft budget for the North of Tyne Combined Authority (NTCA) for 2023/24, and the medium-term financial plan for the period 2024/25 to 2026/27. The report will outline the draft budget in respect of the Corporate Budget, Investment Fund, Adult Education Budget, and the Brownfield Housing Fund. The report will also outline budget proposals for new funding stream allocations in respect of UKSPF (UK Shared Prosperity Fund) and Multiply.

The timing of this report is such that the budget proposals have been developed prior to the announcement of the Autumn Statement. Implications flowing from this Announcement will be reflected in the Final Budget Proposals to Cabinet. NTCA is the accountable body for the North East Local Enterprise Partnership (LEP) and as such this report includes proposals for the North East LEP accountable body budget.

## Recommendations

The Cabinet is recommended to:

1. Agree the draft Corporate Budget for 2023/24 as set out in section 2 which will then be subject to consultation with Overview and Scrutiny Committee
2. Agree the draft Investment Fund as set out in section 3 which will then be subject to consultation with Overview and Scrutiny Committee
3. Agree the draft Adult Education Budget as set out in section 4 which will then be subject to consultation with Overview and Scrutiny Committee
4. Agree the Brownfield Land Programme Budget as set out in section 5 which will then be subject to consultation with Overview and Scrutiny Committee
5. Note the Tyne and Wear levies will be issued on the 15 February 2023 preceding the commencement of the financial year in respect of which they are to be issued, in line with the Transport Levying Bodies Regulation,
6. Agree to hold the reserves set out in section 7 and note the Director of Finance continues to keep the level of resources under review as the Authority develops and new information becomes available about the financial risks facing authority arrangements for managing risks.
7. Note the North East LEP Accountable Body Budget, section 8.
8. Approve the Draft Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2023/24.

## **A. Context**

### **1. Background**

- 1.1 The draft budget and medium-term financial plan have been developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the authority's strategic plans can be delivered within the financial resources available.
- 1.2 In developing these budget proposals, the Mayor and Cabinet have been clear in their approach to ensuring the North of Tyne Combined Authority is a lean and innovative organisation. The budget proposals include the anticipated capacity required to deliver the ambition of the Combined Authority. In the light of increasing numbers of projects and programmes, this has included recruitment, capacity management and retention of a competent, productive, and collegiate workforce with the aim of creating a long-term staffing plan. The organisation may grow in the future and that will be based on a set of consistent set of agreed principles appropriate for the Combined Authority.
- 1.3 The draft budget proposals outlined in this report reflect the current structure of the North of Tyne Combined Authority. The draft budget proposals are also drafted prior to the announcement of the autumn statement any implications arising from the autumn statement will be reflected in the final budget proposals presented to Cabinet 31 January 2023.
- 1.4 The draft proposals are a reflection of the Corporate Plan as approved on 7 June 2022. The Corporate Plan is currently under review and a refreshed version will be taken to Cabinet on 31 January 2023. This will set out the ambitions of Cabinet for the Authority, both immediately and in the future, with a roadmap for action. It will capture the breadth of work undertaken and ensure activities are aligned allowing for clear collaborative working.
- 1.5 The initial budget proposals set out in this report will be subject to further discussion and consultation with the final budget proposal presented to Cabinet 31 January 2023, alongside the Corporate Plan.

### **2. 2023/24 – 2026/27 Budget Proposals**

#### **2.1 Draft Corporate Budget Proposals**

- 2.2 The Corporate Budget of the North of Tyne Combined Authority is required to support operational costs including staffing, marketing and communications, accommodation costs and SLA's.
- 2.3 As the Combined Authority continues to grow consideration has been given to the anticipated capacity required to deliver the ambition of the Combined Authority with the aim of creating a long-term staffing plan in light of the increasing number of projects and programmes. Table 1 overleaf sets out the proposed draft budget that is required to operate the Combined Authority and how it is to be funded.

**Table 1: 2023/24 Budget and 2026/27 Financial Plan**

	4 Yr. Corporate Budget Summary				
	2023/24	2024/25	2025/26	2026/27	Total
	£000	£000	£000	£000	£000
<b>Expenditure</b>					
Staffing	4,786	4,981	5,170	5,287	20,224
Mayor's Office	289	295	302	308	1,194
Other Costs	1,578	1,456	1,462	1,468	5,964
Contribution to Reserves	-	-	-	-	0
Capital Financing Costs	3,322	3,322	3,322	3,322	13,288
Transport Levy	30,625	30,625	30,625	30,625	122,500
SLAs (Service Level Agreements)	271	271	271	271	1,084
<b>Total Expenditure</b>	<b>40,871</b>	<b>40,950</b>	<b>41,152</b>	<b>41,281</b>	<b>164,254</b>
<b>Income</b>					
Grant Income	(6,824)	(6,903)	(7,105)	(7,234)	(28,066)
Contribution from Reserves	(100)	(100)	(100)	(100)	(400)
Revenue Project Streams to fund Capital Expenditure	(3,322)	(3,322)	(3,322)	(3,322)	(13,288)
Transport Levy	(30,625)	(30,625)	(30,625)	(30,625)	(122,500)
<b>Total Income</b>	<b>(40,871)</b>	<b>(40,950)</b>	<b>(41,152)</b>	<b>(41,281)</b>	<b>(164,254)</b>
<b>Net Position (Inc)/Exp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 2.4 The bulk of the expenditure is funded through devolved funding secured through the devolution deal, and contributions from constituent authorities of £37,000 each.
- 2.5 As the North of Tyne Combined Authority develops the Mayor and Cabinet has continued to work with officers to maximise opportunities of the three constituent authorities working together effectively and efficiently with the North of Tyne Combined Authority.
- 2.6 The Combined Authority is required to raise the Transport Levy on the constituent authorities, an important part of the budget setting process is ensuring the timetable meets the relevant statutory deadlines for issuing the Transport Levy. The Transport Levies are anticipated to rise by 4% to enable Nexus services to be maintained. The Transport Levy is apportioned across the Local Authorities based on the mid-year population estimates, the latest mid-year estimate has not yet been released therefore the Transport Levy budget level reflected in Table 1 may be subject to change.
- 2.7 Previously the Combined Authority did not have powers to borrow other than for Transport responsibilities under the Joint Transport Committee. In January 2022 the Combined Authority was granted borrowing powers for non-transport related functions subject to agreeing a debt cap. A prudent level of borrowing has been assumed of £30.000m in relation to projects which have a linked ongoing revenue stream to recover the annual interest charges. The Draft Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy 2023/24 is attached as Appendix B for approval and outlines the Combined Authority's approach to Borrowing.
- 3. Draft Investment Fund Proposals**
- 3.1 The Investment Fund sets out costs associated with the development, management of and delivery of projects to be funded through the Investment Fund.
- 3.2 The North of Tyne Combined Authority Corporate Plan was taken to Cabinet Annual Meeting on

7 June 2022. Setting out the ambitions of Cabinet for the Authority, both immediately and in the future, with a roadmap for action. It captures the breadth of work undertaken and ensures activities are aligned allowing for clear collaborative working. The updated draft Investment Fund Budget is set out in Table 2 below.

- 3.3 The Table sets out clearly the tigger point of the 5-year Gateway review, being the end of financial year 2022/23, with an indication of cumulative spend at that stage. It is important to note that whilst the review will be in year 5 the authority was launched late in 2018/19 so the Table shows indicative spend for a period of just over 4 years.

**Table 2: Draft Investment Fund Proposals**

	<b>Total 5-Yr Gateway Review 2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>					
Business Case Development Fund	3,273	200	200	200	200
Investment Projects	73,086	21,750	16,800	12,800	5,800
Technical Support	1,000	200	100	100	100
Contribution to Corporate Costs	8,641	2,850	2,900	2,900	2,900
<b>Total Expenditure</b>	<b>86,000</b>	<b>25,000</b>	<b>20,000</b>	<b>16,000</b>	<b>9,000</b>
<b>Income</b>					
Funding Sources	(100,000)	(20,000)	(20,000)	(20,000)	(20,000)
<b>Total Income</b>	<b>(100,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>
<b>Net Position (Inc)/Exp</b>	<b>(14,000)</b>	<b>5,000</b>	<b>0</b>	<b>(4,000)</b>	<b>(11,000)</b>
<b>Cumulative Position</b>		<b>(9,000)</b>	<b>(9,000)</b>	<b>(13,000)</b>	<b>(24,000)</b>

- 3.3 Delivery on the programme is now in full swing, a healthy pipeline has been established and includes a broad range of funding proposals which will deliver across the authority's priorities. Project proposals continue to progress through the assurance framework with pace remaining an important focus. Work has continued with portfolio holders to progress work around the key sectors identified for investment and to provide support to businesses and residents. This includes the recruitment of people into new employment opportunities created as a direct result of our investment.
- 3.4 Included in the budget is provision for Technical Support. It is a requirement of the Assurance Framework that Investment Fund proposals are subject to external independent testing. Any unspent Investment Fund will be held and transferred to a specific reserve at the year end to support the delivery of the programme of work in future years. During this current financial year there has been a rapid increase of committed and defrayed expenditure, and more importantly in the outcome's projects are reporting.
- 3.5 The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government's ambitious 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. It seizes the opportunities of leaving the European Union, by investing 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.

- 3.6 The £51.2m UKSPF allocation is mainly revenue funding, although it does include capital funding of around £8m. UKSPF funding will be invested in the North of Tyne area as reflected in Table 4.

**Table 4 UKSPF Budget Profile**

UKSPF Investment Priorities	2022/23	2023/24	2024/25	Total
	£m	£m	£m	£m
Community and Place	2.286	4.300	9.300	15.886
Supporting Businesses	3.428	4.094	11.583	19.105
People and Skills	-	3.034	9.059	12.093
<b>Total Core UKSPF</b>	<b>5.714</b>	<b>11.428</b>	<b>29.942</b>	<b>47.084</b>
Multiply Programme	1.248	1.440	1.440	4.128
<b>Total UKSPF incl. Multiply</b>	<b>6.962</b>	<b>12.868</b>	<b>31.382</b>	<b>51.212</b>

- 3.7 The first wave of the adult numeracy 'Multiply' programme started in October 2022 with advanced preparations under way for the 'core UKSPF', in readiness for approval from Government.

#### **4. Draft Adult Education Budget (AEB)**

- 4.1 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.
- 4.2 The geographical spread of provision for the devolved AEB aligns with travel to learn patterns in NTCA and that residents in rural parts of Northumberland and North Tyneside have access to local provision.
- 4.3 All 'in year' funding allocations are guided by the commissioning principles set out in the AEB Strategic Skills Plan, working closely with providers to ensure a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.
- 4.4 Funding allocations as a result of performance management and demand will not exceed the overall devolved AEB funding and will be guided by the commissioning principles set out in the AEB Strategic Skills plan. Regular monitoring on AEB will enable NTCA to respond to any 'Economic Shocks', unexpected fluctuations in the skills sector, and potential increases in digital entitlement.
- 4.5 Table 5 overleaf reflects a high-level balanced Budget with funding awarded to grant providers and other procured deliveries. The split between grant and procured service is detailed, based on historic delivery. This profile may change as the review of delivery changes develop as detailed above.

**Table 5: Draft Adult Education Budget**

	Adult Education Budget 4-Yr Profile				
	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
<b>Expenditure</b>					
Grant Awards	15,369	15,369	15,369	15,369	61,476
Procured Services	6,659	6,659	6,659	6,659	26,636
Admin Costs and contribution to Corporate	678	678	678	678	2,712
<b>Total Expenditure</b>	<b>22,706</b>	<b>22,706</b>	<b>22,706</b>	<b>22,706</b>	<b>90,824</b>
<b>Income</b>					
Funding Sources	(22,706)	(22,706)	(22,706)	(22,706)	(90,824)
<b>Total Income</b>	<b>(22,706)</b>	<b>(22,706)</b>	<b>(22,706)</b>	<b>(22,706)</b>	<b>(90,824)</b>
<b>Net Position (Inc)/Exp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.6 AEB operational costs are collected within the Corporate budget with a contribution of 3% of overall AEB income made towards Corporate support costs.

## 5. Brownfield Housing Budget (BFH)

5.1 The Brownfield Housing Fund was first announced in the March 2020 National Budget to support Mayoral Combined Authorities and their local areas to develop housing on brownfield land. Overall, £276m has been allocated to the six Northern city regions, North of Tyne Combined Authority was awarded £24m over a 5-year period.

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

5.3 Brownfield Housing Fund specifically supports sites with an identified market failure due to site conditions. The programme is part of a broader housing programme the Housing and Land Board have in development that aims to bring forward a pipeline of sites shaping a longer-term strategic delivery approach. Different funding streams and partnership arrangements will be used to best meet priorities across the area.

5.4 Table 6 below shows the profile of both the capital and linked revenue support grant over the life of the project. NTCA are currently in Year 3 of delivery.

**Table 6: Brownfield Housing Budget Profile**

	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	£m	£m	£m	£m	£m	£m
<b>Original Funding Profile</b>	<b>23.854</b>	4.854	8.100	6.700	3.100	1.100
<b>Reprofiled Projected Programme Spend</b>	<b>31.820</b>	0.568	3.385	10.563	14.056	3.248

## 6. Proposed NTCA Capital Programme

6.1 The Combined Authority is required to set out clearly the capital investment elements of delivery that are aimed at supporting the key priorities outlined in the Corporate Plan. The table below details the proposed capital programme and funding for 2022/23.

**Table 7: Capital Funding included within the Investment Fund**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m	£m
NTCA Investment Fund	13.860	6.790	5.661	2.030	1.223	29.564
Brownfield Housing	10.563	14.056	3.248	-	-	27.867
UKSPF	-	2.140	5.765	-	-	7.905
Commercial Activity	-	30.000				30.000
<b>Total Capital Expenditure</b>	<b>24.423</b>	<b>52.986</b>	<b>14.674</b>	<b>2.030</b>	<b>1.223</b>	<b>95.336</b>
<b>Funded By:</b>						
Government Grant (IF Gainshare)	(13.860)	(6.790)	(5.661)	(2.030)	(1.223)	(29.564)
Brownfield Housing Fund (DLUHC)	(10.563)	(14.056)	(3.248)	-	-	(27.867)
UKSPF	-	(2.140)	(5.765)	-	-	(7.905)
Borrowing	-	(30.000)	-	-	-	(30.000)
<b>Total Funding</b>	<b>(24.423)</b>	<b>(52.986)</b>	<b>(14.674)</b>	<b>(2.030)</b>	<b>(1.223)</b>	<b>(95.336)</b>
<b>Net Capital Requirement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 7. Reserves

7.1 As set out in the budget report to Cabinet on 4 December 2018, a Corporate reserve of £0.200m was created. The level of reserve will remain under review as the Combined Authority develops and new information becomes available about the financial risks facing NTCA and the arrangements in place for managing those risks.

## 8. LEP Accountable Body Budget

8.1 NTCA is the Accountable Body for the North East Local Enterprise Partnership (North East LEP) and this report therefore includes proposals for the budget providing corporate support as its Accountable Body.

8.2 The Government published its Levelling Up White Paper on 2 February 2022 which set out the Government's ambition for more integrated, better aligned and empowered local institutions with the tools they need to unlock economic growth and 'level up' at a local level. To that end, the Government is encouraging the integration of LEPs (Local Enterprise Partnerships) and their business boards or private sector membership into mayoral combined authorities (MCAs). The North East LEP is currently working closely with the North of Tyne Combined Authority on an integration plan, until this is finalised, and the way forward agreed the 2023/24 North East LEP Accountable Body Budget is proposed to be maintained at the same level as the current year which results in a net balanced budget position. Table 6 shows the 2023/24 North East LEP Accountable Body Budget.

8.3 All seven local authorities (LA7) in the North East area currently contribute £10,000 to meet the costs of the North East LEP Accountable Body role.

8.4 The budget for the North East LEP Accountable Body role (£124,000) primarily covers Service Level Agreement (SLA) charges (£70,000) and external costs (£54,000) funded from estimated interest on investment income on the NEIF and the LA7 contributions. The budget is kept under review for any new areas of work that are identified over and above the budget that is agreed.

**Table 8: 2023/24 North East LEP Accountable Body Budget**

	<b>North East LEP Accountable Body Budget 2023/24</b>
<b>Expenditure</b>	<b>£</b>
Service Level Agreements	70,000
External Support	54,000
<b>Total Expenditure</b>	<b>124,000</b>
<b>Income</b>	
LEP Accountable Body Contributions	(70,000)
Interest Income (NEIF)	(54,000)
<b>Total Income</b>	<b>(124,000)</b>
<b>Net (Inc)/Exp</b>	<b>0</b>

**B. Impact on NTCA Objectives**

1. The North of Tyne Combined Authority Corporate Plan sets out the strategic objectives of the Authority. The budget will enable the Authority to properly discharge its functions and assist 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. The financial implications arising from the outcomes of this report will be appraised as part of the decisions made as to what is included in the Authority's 2023-2027 Financial Plan, incorporating the 2023/24 Budget-Setting process.
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 proposed as part of the four-year Financial Plan for 2023-2027 in accordance with the Authority's Reserves and Balances Policy.

**E. Legal Implications**

1. The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The 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. The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made.
2. The Authority will continually monitor the effect of our Budget-setting process and decision-making, utilising equality impact assessments and reflecting the Authority's equalities objectives.

**G. Inclusive Economy Implications**

1. There are no direct inclusive economy implications arising from the recommendations in this report. However, EIA's include inclusive economy implications and NTCA has adopted socio-economic disadvantage as a protected characteristic.

## **F. Climate Change Implications**

1. There is no direct climate changed implications arising from report itself but all activities undertaken by NTCA take these into consideration.

## **G. Consultation and Engagement**

1. The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2023/24 Draft Budget is based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision as detailed in the Corporate Plan agreed by Cabinet and shared with stakeholders in a range of events.
2. Consultation with the Business Community and the Community and Voluntary Sector has continued throughout the budget process as part of the overall approach to engagement undertaken with these sectors. In addition, the attendance at Cabinet of both the Ambassador for business and the Ambassador for the Community and Voluntary sector will add to the opportunity for engagement.

## **H. Appendices**

1. Appendix 1 2023-2027 Draft Budget Proposals  
Appendix B Draft Combined Treasury Management Strategy Statement, Minimum Revenue Provision Policy and Investment Strategy 2023/24.

## **G. Background Papers**

2. 25 January 2022 Financial Plan and Budget.  
15 November North East Transport Committee Transport Budget 2023/24 and Forecast of Outturn 2022-23.  
NTCA Corporate Plan 2022/23

## **H. Contact Officers**

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## **I. Glossary**

BFH	Brownfield Housing Fund
AEB	Adult Education Budget
LEP	North East Local Enterprise Partnership
INEE (Invest North East England)	Invest North East England

## Budget Setting Timetable

DATE	EVENT/MEETING	ACTION
20 September 2022	Cabinet Meeting	To consider and agree 2023/24 budget process/timetable for <b>both</b> the Authority and Mayoral budgets.
11 October 2022	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for <b>both</b> the Authority and Mayoral budget.
15 November 2022	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation.
22 November 2022	Cabinet Meeting	Consider and agree the Updated Corporate Plan and draft budget proposals in respect of the Authority.
6 December 2022	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Corporate Plan and Budget proposals.
10 January 2023	NTCA Overview and Scrutiny Budget Workshop	Workshop to consider in detail the Authority's draft Corporate Plan and budget proposals and make recommendations to Cabinet.
17 January 2023	Joint Transport Committee	Approve Transport Revenue Budget and Transport Levies.
24 January 2023	NECA (North East Combined Authority) Leadership Board	NECA Leadership Board formally issue Transport Levy agreed by JTC (Joint Transport Committee)
31 January 2023  Note: The Mayor's draft Budget must be presented before 1 February in any financial year.	Cabinet Meeting	To consider outcomes of consultation and recommendations from Overview and scrutiny and agree final proposals for the Authority's Corporate Plan and Budget. Receive the Mayors draft budget proposals. Formally agree to issue the Transport Levy to constituent authorities.
Before end February 2023 (if required)	Cabinet	Cabinet meets to agree recommendation to the Mayor in respect of the Mayoral budget.

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## **Introduction**

CIPFA published the revised Treasury Management and Prudential Code on 20 December 2021 and has stated that formal adoption will be required in the 2023/24 financial year. The Combined Authority has to have regard to these codes of practice when it prepares the Treasury Management Strategy Statement and the Annual Investment Strategy and also related reports during the financial year which are taken to the Combined Authority for approval.

Members of the Combined Authority will be updated on how any changes to the code will impact on our current approach and any changes required will be formally adopted within the 2023/24 Treasury Management Strategy Statement.

### **1. Background**

- 1.1 The Combined Authority is required to operate a balanced budget, which means that cash raised during the year will meet cash expenditure. A key part of the Combined Authority's treasury management function is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Combined Authority's low risk policy, providing adequate security and liquidity before considering investment return. These principles are also applied to the North East LEP and as Accountable Body for the North East LEP the associated activity is included in the approach to the application of the Treasury Management and Prudential Code. This report necessarily includes capital activity of the North East LEP.
- 1.2 Another key element of the treasury management function is the management of the funding associated with the Combined Authority's capital investment plans. These capital plans provide a guide to any potential borrowing needs of the Combined Authority, essentially the longer-term cash flow planning to ensure that the Combined Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. Previously the Combined Authority did not have powers to borrow other than for Transport responsibilities under the Joint Transport Committee. In January 2022 the Combined Authority was granted borrowing powers for non-transport related functions subject to agreeing a debt cap.
- 1.3 The contribution the treasury management function makes to the Combined Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or on larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security and liquidity of the sums invested.

- 1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activity, arising usually from capital expenditure, and are separate from the day-to-day treasury management activities.

CIPFA defines treasury management as:

*“The management of the Combined Authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.”*

## 2. Reporting Requirements

- 2.1 The CIPFA Prudential and Treasury Management Codes (revised 2017) detail the reporting requirements for the Combined Authority. From a treasury perspective, the Combined Authority is required to receive and approve as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These can be summarised as:

- An annual treasury management strategy and prudential and treasury indicators – the capital plans, (including prudential indicators).
  - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
  - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
  - an investment strategy, (the parameters on how investments are to be managed).
- A mid-year treasury management report providing an update on progress of the capital position and amending treasury and prudential indicators if required; and
- An outturn treasury report detailing the outturn position and comparing performance against estimates included within the strategy.

- 2.2 In addition to the treasury reporting requirements, the CIPFA 2017 Prudential and Treasury Management Codes require all Authorities to prepare a capital strategy report which will cover the following:

- a high-level, long-term overview of how capital expenditure, capital financing
- and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability.

- 2.3 The aim of a capital strategy is to ensure that all Members of the Combined Authority fully understands the overall long term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

- 2.4 The capital strategy is reported separately from the Treasury Management Statement, with non-treasury investments being reported through the former. The rationale for the separate reporting is to ensure there is a separation of the core treasury function with the focus on security, liquidity and yield principles and the non-treasury investments which are driven by expenditure on an investment with the intended purpose of generating a return. The capital



strategy will show:

- The corporate governance arrangements in place for non-treasury investments.
- Any service objectives relating to this type of activities.
- The expected income, costs and resulting contributions.
- The debt related to the activity and the associated interest costs.
- The payback period (MRP Policy).
- For non-loan type investments, the cost against the current market value; and
- The risks associated with each activity.

### **3. Treasury Management Strategy for 2023/24**

3.1 The Treasury Management Strategy for 2023/24 covers two main areas:

#### **• Capital issues**

- the capital expenditure plans and the associated prudential indicators.
- the minimum revenue provision (MRP) policy.

#### **• Treasury management issues**

- the current treasury position.
- treasury indicators which limit the treasury risk and activities of the Combined Authority.
- prospects for interest rates.
- the borrowing strategy.
- policy on borrowing in advance of need.
- debt rescheduling.
- the investment strategy.
- creditworthiness policy; and
- the policy on use of external service providers.

3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

3.3 The Combined Authority uses Link Group, Treasury solutions as its external treasury management advisors. The Combined Authority recognises that responsibility for treasury management decisions remains with the organisation and seeks to ensure that undue reliance is not placed upon external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors. The Combined Authority recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Combined Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented, and subjected to regular review.

### **4. The Capital Prudential Indicators 2023/24 -2026/27**

4.1 **Capital Expenditure** - The Combined Authority's capital expenditure plans remain modest in the context of the overall Investment Fund but there is a requirement that the output of these plans are reflected in the Prudential Indicators. The prudential indicators are designed to assist members' overview and confirm capital expenditure plans.

The table below summarises the Combined Authority's capital expenditure plans for the current financial year and the three subsequent years, together with the proposed sources of financing.

**Table 1 NTCA Capital Expenditure Plans 2023-2027**

	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Investment Fund Capital	6.790	2.196	-	-	8.986
Commercial Activity	30.000	-	-	-	30.000
Brownfield Housing Fund Capital	14.056	3.248	-	-	17.304
UK SPF Capital	2.140	5.765	-	-	7.905
LEP Capital	2.708	0.137	-	-	2.845
<b>Total Capital Spend</b>	<b>55.694</b>	<b>11.346</b>	<b>0.000</b>	<b>0.000</b>	<b>67.040</b>
Funded by:					
Investment Fund	(6.790)	(2.196)	-	-	(8.986)
Brownfield Housing Fund	(14.056)	(3.248)	-	-	(17.304)
UK SPF Capital	(2.140)	(5.765)	-	-	(7.905)
LEP Funds (GBF/LGF/CPIF)	(2.708)	(0.137)	-	-	(2.845)
Borrowing	(30.000)	-	-	-	(30.000)
<b>Total Funding</b>	<b>(55.694)</b>	<b>(11.346)</b>	<b>0.000</b>	<b>0.000</b>	<b>(67.040)</b>

- 4.2 To the extent that the overall quantum of the programme detailed above increases and cannot be funded through other grants or reserves, this would result in an increase to the overall requirement to borrow.
- 4.3 The Combined Authority approved a separate repayable instrument on a mixture of commercial and sub commercial rates. The project was subject to a detailed viability assessment and modelling. The current proposal for non-financial investments is such that all activity will be funded by the Combined Authority's devolution funding and borrowing. There is therefore a risk that the Combined Authority will not recover the full value of its investment which would reduce the value of recyclable funds available for reinvestment. In accordance with accounting standards these loans will be subject to an expected credit loss assessment, and to the extent that there is an impairment, this will be reported and accounted for accordingly.
- 5. The Combined Authority's Borrowing Need (Capital Financing Requirement)**
- 5.1 The first prudential indicator is the Combined Authority's Capital Financing Requirement (CFR). The CFR represents the historic outstanding capital expenditure that has not yet been paid for either through revenue or capital resources and therefore a measure of the Combined Authority's indebtedness and underlying need to borrow.
- 5.2 To the extent that the Combined Authority undertakes capital expenditure for which there are immediately available capital or revenue resources, this will increase the CFR. The CFR does not, however, increase indefinitely as the MRP is a statutory annual charge which broadly reduces indebtedness in line with each asset's life.

**Table 2 NTCA CFR Projections**

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
<b>Opening CFR</b>	0.000	26.678	23.356	20.034
CFR Services	0.000	0.000	0.000	0.000
CFR Commercial Activity	30.000	0.000	0.000	0.000
Less: MRP	(3.322)	(3.322)	(3.322)	(3.322)
Net Movement in CFR	26.678	(3.322)	(3.322)	(3.322)
<b>Closing CFR</b>	<b>26.678</b>	<b>23.356</b>	<b>20.034</b>	<b>16.712</b>

## 6. Minimum Revenue Provision (MRP) Policy Statement

- 6.1 The Combined Authority is required to make provision for the repayment of an element of the accumulated capital spend each year through a charge to revenue (the Minimum Revenue Provision – MRP) however should the Combined Authority wish it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP).
- 6.2 The Department of Levelling Up, Housing and Communities (DLUHC) regulations have been issued which require the Combined Authority to approve an MRP statement in advance of the year. Under the guidance a number of options are available however the Combined Authority does have some discretion over the approach taken however the overriding requirement is that any approach must be prudent.
- 6.3 The regulations allow for an Authority to review and revise its MRP statement at any stage, providing that the overriding requirement that the resulting approach is prudent.
- For unsupported capital borrowing (prudential borrowing) in relation to Enterprise Zones, making provision for the repayment of debt over the life of the asset on an annuity basis (maximum of 25 years); or making provision for the repayment of the debt over a shorter period on an annuity basis for a period agreed by the Director of Finance with reference to the estimate of business rates income receivable to repay the debt.
  - For new (unsupported borrowing for the Combined Authority Capital Plans), the Authority intends to take a more nuanced, principle-based approach to the calculation of MRP. The approach to the calculation will be guided by whether the borrowing relation is related to the creation or enhancement of an asset or whether the borrowing is to support the provision of a loan or other form of investment within another organisation.
- 6.4 Where the borrowing underpins the acquisition and enhancement of assets funded through borrowing is that an Asset Life Method is used to calculate MRP (Option 3 under the MHCLG guidance). Under the guidance there are two approaches that can be applied for calculating MRP under the Asset Life Method: Equal Instalments or the Annuity Method. The Authority will make the decision as to the specific approach to be adopted on a case-by-case basis determining what is most appropriate and prudent based on the underlying asset.
- 6.5 For capital expenditure that is classified as such under Regulation 25(1) of the Local Government Act 2003, the rebuttable presumption will be that a revenue provision will be made and that MRP will be calculated in accordance with Option 3 (Asset Life Method) applying the maximum life value detailed in the statutory guidance.
- 6.6 This presumption will be challenged on a case-by-case basis and to the extent that the Authority is seeking to make a loan to a third party, the approach to making a prudent provision will be made giving due consideration to a variety of factors including the following:

- Whether the loan is being made on commercial or sub commercial rates.
- The duration of the loan.
- The financial standing of the borrower.
- The degree of perceived risk to the underlying capital sums invested.
- The strength or existence of covenants that underpin any loans; and
- The structure of the loan and subsequent repayments.
- Where loans are made to support policy objectives or there is a degree of risk that the capital will not be repaid either in full or in part, then a revenue provision will be made using Option 3 as detailed above.

6.7 Where loans are made where there is a higher degree of confidence in repayment and the regular repayment over the life of the agreement, then the Authority will seek to set aside capital receipts arising from the repayment of the loan to reduce the CFR as opposed to making an annual provision for MRP.

6.8 Where loans are made where there is a high degree of confidence in repayment but where repayment is irregular or is on expiration of the loan, then the Authority will make a revenue provision in accordance with Option 3 using an asset life as determined through this method. To the extent that the loan is repaid over a shorter timescale, capital receipts from repayment would be used to write down any remaining CFR liability relating to the loan.

## 7. Borrowing

7.1 The capital expenditure plans set out in Table 1 provide details of the service activity of the Combined Authority. The treasury management function ensures that the Combined Authority's cash is organised in accordance with professional codes, so that sufficient cash is available to meet the service activity and its capital strategy. This will involve organising cash flows and appropriate borrowing facilities as necessary.

**Table 3 NTCA Forecast Borrowing**

	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>	<b>2026/27 Estimate £m</b>
<b>External Debt</b>				
External Debt 1 April	30.000	30.000	26.678	23.356
Forecast Change in Debt	-	(3.322)	(3.322)	(3.322)
Gross Debt 31 March	30.000	26.678	23.356	20.034
Capital Financing Requirement	30.000	26.678	23.356	20.034
(Under)/Over Borrowing	0.000	0.000	0.000	0.000

7.2 Within the range of prudential indicators there are a number of key indicators to ensure that the Combined Authority operates its activities within well-defined limits. One of these is that the Combined Authority needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

7.3 The Director of Finance reports that the Combined Authority complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account proposals contained within the budget report.

7.4 Previously, the Combined Authority did not have powers to borrow other than for Transport

responsibilities with a proportion of the outstanding balance of the loans and investments in relation to Transport (based on the share of Tyne and Wear population in each Combined Authority area) shown in the balance sheets of the two Combined Authorities as part of their Year-end accounts. A summary therefore of the actual loans outstanding and authorised borrowing limit in relation to Transport is reflected in the Treasury Management Strategy of the NTCA.

**Table 4: Transport Loans Outstanding and Authorised Borrowing limit as at 30 September 2022**

	Principal	Interest Due	Total	NECA Share	NTCA Share
	£000	£000	£000	£000	£000
Capital Financing Requirement	183,535		183,535	100,990	82,545
Actual External Debt	169,667	1,624	171,291	94,253	77,038
Authorised Borrowing Limit			210,000	115,552	94,448

7.5 Additional borrowing of £5m was taken out in relation to Enterprise Zone activity, this was taken out by North East Combined Authority (NECA) in 2019-20 when NECA was the accountable body for the North East LEP. NECA will continue to manage this borrowing on behalf of North of Tyne Combined Authority now accountable body responsibility for the North East LEP is with North of Tyne Combined Authority.

## 8. Prospects for Interest Rates

8.1 The Combined Authority has appointed Link Asset Services as its treasury advisors and part of their service is to assist the Combined Authority to formulate a view on interest rates. The table below provides an overview of Link Group's view of interest rates. Link provided the following forecasts on 8 November 2022. These are forecasts for certainty rates, the standard rate minus 20 bps which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View 08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

8.2 Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and seventy-five basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%).

## 9. Borrowing Strategy

9.1 The Director of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances and satisfying the need to borrow, seeking to identify the options that are available and provide value for money for the Combined Authority.

- *If it was felt that there was a significant risk of a sharp FALL in borrowing rates, (e.g., due to markers increase of risks around relapse into recession or risks of deflation), the borrowing will be postponed.*
- *If it was felt that there was a significant risk of a much sharper rise in borrowing rates than that currently forecast, perhaps arising from an acceleration on the rate of increase in central rates in the USA and UK, an increase in world economic activity, or a sudden increase in inflation risks, then the portfolio position will be re-appraised.*

Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

## **10. Policy on borrowing in advance of need**

- 10.1 The Combined Authority will not borrow more than or in advance of need purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be forward approved within the Capital Financing Requirement estimates and will be considered carefully to ensure value for money can be demonstrated and security of funds evidenced. Risks associated with borrowing in advance of need will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

## **11. Debt Rescheduling**

- 11.1 The Combined Authority will monitor opportunities to generate savings through debt rescheduling activity, however any savings that could be generated would need to be considered in light of the current treasury position and the size of any potential premiums payable on early redemption of debt.
- Reasons for debt rescheduling will include:
  - The generation of cash savings or discounted cash flow savings.
  - Helping fulfil the treasury strategy; or
  - Enhancing the balance of the portfolio (maturity profile or balance of volatility).
- 11.2 Consideration will also be given to identify if there are residual potential for making short term savings by running down investment balances to repay debt prematurely as short-term rates on investments are likely to be lower than rates paid on current debt.
- 11.3 Rescheduling of current borrowing in our debt portfolio is unlikely to occur. If rescheduling was done, it will be reported to the Combined Authority, at the earliest meeting following its action.

## **11.4 New financial institutions as a source of borrowing and types of Borrowing**

The main source of borrowing for the Combined Authority is PWLB. However, consideration will also be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks)

## **12. Annual Investment Strategy**

- 12.1 In conducting its investment activity, the Combined Authority will have regard to the DLUHC's Guidance on Local Government Investments and the 2017 revised CIPFA

Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code). The Combined Authority's overriding investment priorities are the security of capital and liquidity of investments.

- 12.2 Whilst DLUHC and CIPFA have extended the meaning of investments to include both financial and non-financial investments, the Annual Investment Strategy as detailed below deals solely with the financial (treasury) investments. Non-financial investments, essentially the purchase of income yielding assets, are covered within the Capital Strategy.
- 12.3 The Combined Authority will seek to obtain the optimum return on its investments commensurate with the desired level of security and liquidity. Risk appetite is low with investment decisions giving priority to security of investments. The Combined Authority does not borrow purely to invest or on lend to make a return.
- 12.4 The Combined Authority has a clearly stipulated minimum acceptable level of credit quality of Counterparties which feeds into its Counterparty lending list. The creditworthiness methodology used to create the Combined Authority's list takes account of the ratings provided by FITCH and/ or Moody's, two of the three main ratings agencies. All investments made during 2023/24 will be made in accordance with the Annual Investment Strategy.

### **Annual Investment Strategy 2023/24**

- 12.5 The purpose of this Strategy is to outline, for approval by the Combined Authority:
- The Combined Authority's overriding investment objectives.
  - The investments the Combined Authority will use for the prudent management of surplus funds during the financial year 2023/24 and the management of risk
  - The procedures for determining the use of each asset class.
  - The maximum periods for which funds may be prudently committed in each class.
  - The upper limits to be invested in each class.
  - The extent to which prior professional advice needs to be sought from the Combined Authority's Treasury Advisors prior to use; and
  - The minimum amount to be held in short term investments.

### **12.6 Investment Objectives**

The Combined Authority's investment decisions are governed by the need to ensure that all decisions are prudent and ensure the security of capital and liquidity of investments are paramount.

The Combined Authority will seek to ensure an optimum return on the investment of all surplus funds commensurate with the required levels of liquidity and security, having properly assessed the inherent risk associated with different investment options.

The Combined Authority will not engage in treasury borrowing activity solely for the purpose of investment or on-lending to make a return.

### **12.7 Investment policy – management of risk**

The Department of Levelling Up, Housing and Communities (DLUHC – this was formerly the Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of "investments" to include both financial and non-financial investments. This report, deals solely with treasury (financial) investments, as managed by the treasury management team. Non-financial investments, essentially the purchase of

income yielding assets, are covered in the Capital Strategy.  
The Combined Authority's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross
- Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

12.8 The Combined Authority's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Combined Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Combined Authority's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Combined Authority will also consider the value available in periods up to 12 months with high credit rated financial institutions.

12.9 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

#### **1. Credit Criteria**

A minimum acceptable credit criteria is applied in order to generate a list of highly creditworthy counterparties. This enables diversification and thus avoidance of concentration of risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

#### **2. Other information**

Ratings will not be the sole determinant of the quality of an institution, it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Combined Authority will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the ratings.

#### **3. Other information sources**

The Combined Authority will pay consideration to other information sources such as the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

#### **4. Types of investment instruments**

The Combined Authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Annex 2.1 under the categories of „specified“ and “non-specified“ investments.

- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.

- **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year and/or are more complex



instruments which require greater consideration by members and officers before being authorised for use.

The following table provides a list of specified investment instruments that are authorised to be used by the Combined Authority, subject to cash limits and time limits indicated:

**Table 5: Specified Investment Instruments**

	<b>Credit Criteria</b>	<b>Maximum Deposit</b>	<b>Maximum Period</b>
Debt Management Agency Deposit Facility	UK Government backed	£50m	Unlimited
UK Local Authorities	N/A	£10m each	1 year
UK Government Treasury Bills	UK Sovereign Rating	£10m	1 year
Term deposits with banks and building societies	Blue /Orange Red Green No Colour	£10m each	12 months 6 months 100 days Not for use
Certificate of Deposits with banks and building societies	Blue /Orange Red Green No Colour	£5m each	12 months 6 months 100 days Not for use
Money Market Funds	AAA	£10m each	Liquid
Local Authority Controlled companies in the NTCA area		£5m	5 years

The following table provides a list of non-specified investment instruments that are authorised to be used by the Combined Authority, subject to the cash limits and time limits indicated:

**Table 6: Non-specified Investment Instruments**

	<b>Credit Criteria</b>	<b>Maximum Deposit</b>	<b>Maximum Period</b>
UK Local Authorities	N/A	£5m each	3 years
Commercial Property Investment Fund Loans (LEP)	N/A	£20m	Unlimited
Property Funds	N/A	£5m	Unlimited

**5. Sovereign ratings** investments will only be placed with counterparties from countries with a specified minimum sovereign rating.

**6.** The Combined Authority will set a limit for the number of investments which are invested **for longer than 365 days.**

**7. External Consultants** - The Combined Authority has engaged external consultants to provide expert advice on how to optimise an appropriate balance of security, liquidity, and yield, given the risk appetite of the authority in the context of the expected level of cash balances and need for liquidity throughout the year.

**8.** All investments will be denominated in **sterling.**

**9.** As a result of the change in accounting standards for 2022/23 under IFRS 9, the Combined Authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

### **13. Policy on the use of External Service Providers**

The Combined Authority uses Link Group Treasury Services as its external treasury management advisors. Whilst the responsibility for treasury management decisions remains with the Combined Authority, the value in employing an external treasury provider is recognised as means by which it can acquire access to specialist skills and resources. Notwithstanding this the Combined Authority will ensure that there is no undue reliance on an external service provider.

### **14. Reporting Arrangements**

The Combined Authority will receive reports on Treasury Management activity as a minimum at three points during the year: a forward-looking strategy will be submitted for approval, a mid- year Strategy review and a year- end report which will consider outturn performance in light of the strategy set at the start of the year.