

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

12 October 2021

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

**Approved Minutes**

**Present:**

Chair: Councillor C Seymour

Councillors: L Wright, S Fairlie, M Hall, J Hunter, J Kirwin and L Bowman

**11 WELCOME AND INTRODUCTIONS**

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

The Chair went on to pay tribute to Councillor Anita Lower who had passed away in July. Councillor Lower had served on the NTCA Overview and Scrutiny Committee since the Combined Authority was established in 2018. Her contribution to the Overview and Scrutiny Committee would be sorely missed.

As Vice Chair of the Overview and Scrutiny Committee, and a representative of Newcastle City Council, Councillor Wright also paid tribute to Councillor Lower.

As a mark of respect, Members of the Committee and other meeting attendees took part in a minute's silence.

**12 APOLOGIES**

Apologies were received from Councillor Scott.

**13 DECLARATIONS OF INTEREST**

None.

**14 AGREE THE MINUTES OF THE MEETING HELD ON 29 JUNE 2021**

The minutes of the meeting held on 29 June were agreed as a correct record and signed by the Chair.

## 15 MAYORAL UPDATE

The Overview and Scrutiny Committee received an update from the Mayor, Jamie Driscoll. A briefing note had been circulated to Members with the agenda pack (copy attached to the Official Minutes).

Mayor Driscoll's briefing note included information on the Green New Deal, the Citizens' Assembly on Climate Change, Access to Finance, the Culture and Creative Investment Programme, Spacehive, Community Hubs, 'The way we do things around here' policy, the devolved Adult Education Budget, progress on the Brownfield Housing Fund, the number of jobs created and the Good Work Pledge.

Mayor Driscoll advised that his joint top priorities were creating green jobs and leading on decarbonisation of the economy in an inclusive way, to take people with the NTCA; jobs needed to be secure, well-paid and would be backed by the Good Work Pledge. NTCA was working hard to roll out the Energy, Green Growth and Climate Change programme, backed by £24.2 million in funding, agreed by Cabinet in March 2020. Using the £8.3 million allocated for infrastructure as part of the £12 million allocated for Offshore and Subsea, NTCA was funding improvements on the north bank of the Tyne and had also agreed funding for improved infrastructure at the Port of Blyth Clean Energy Terminal and Swans Energy Park on the river Tyne.

Mayor Driscoll responded to questions/comments received from members which included:

- On apprenticeships, the North of Tyne Combined Authority (NTCA) had been working to develop the Apprenticeship Hub, working as a gateway through the Kick Starter Scheme and engaging directly with businesses. In some cases, businesses had offered a pay uplift for young people on the Kick Starters to the level of the real living wage.
- On adult education, a significant amount of funding from the successfully devolved Adult Education Budget did go to the further education (FE) colleges, particularly Newcastle College as one of the largest in the area.
- There was also a wider skills plan through the Green agenda including money coming into just transition to enable people to transition out of high carbon industries into low carbon industries.
- In the community a substantial amount of the devolved Adult Education Budget went to all sorts of projects, for example, through the WEA, funded to run courses. Further facts and figures could be provided.
- At the September 2021 Cabinet, approval was given for a package of access to finance measures including £4 million for a social finance fund to fill gaps in the finance market for socially trading or employee-owned businesses. The NTCA was working with Proud to Change, Social Enterprises UK and Co-ops UK who had a great deal of intelligence around this sector. A communications package would be developed, including direct engagement through the VCSE Sector, to ensure everybody got a chance to apply. The principle behind co-design meant that people could talk about the real barriers they faced, and the intention was to make the process as simple as possible.

- Regarding the locations of Spacehive projects there was a pretty good spread across communities. The next round, with the theme of Zero Carbon, Zero Poverty, where NTCA would provide match funding for projects which improved or created green spaces and/or reduced food waste and tackling climate change. The projects had to meet a set of our criteria as well as pledges to be funded.
- Progressed Brownfield Housing - In terms of shovel-ready schemes, the NTCA convened the local authority housing departments to find out what projects had been stalled that this money could bring forward; work had also already started on a joint pipeline of housing sites through the Housing and Land Board. There had been work in Scotswood and Blyth, and Newbiggin Hall was in the pipeline – all socially beneficial housing. Others in the pipeline further on included brownfield sites in Newcastle, Northumberland and North Tyneside. The NTCA was also working with the registered providers as timescales were tight.
- Although the governance of rail nationally was changing, with the creation of Great British Railways, the contract for the Northumberland Newcastle Rail Line would be awarded to Northern Trains. The NCTA did not have devolved transport powers. A fully integrated public transport system was a long-term aim.
- It was confirmed that the Northumberland Newcastle Rail Line would use diesel trains.
- Blue hydrogen was made from methane and so was not zero carbon; green hydrogen could be zero carbon if made from zero carbon electricity. The NTCA was investing heavily in offshore wind which generated green electricity.
- The NTCA Devolution Deal had one primary target from government: create 10,000 jobs over a 30-year period. Although NTCA was not responsible to Government for safeguarded jobs, it made sense not to let firms collapse and people lose jobs. The responsible thing to do was to protect jobs at the same time as creating them.

The Chair thanked Mayor Driscoll for his attendance on behalf of the Overview and Scrutiny Committee.

## 16 **CITIZENS ASSEMBLY REPORT**

Rob Hamilton (Chief Economist) advised that the purpose of this report was to provide the NTCA Overview and Scrutiny Committee with an overview of the North of Tyne Citizens' Assembly which was held in February and March this year. It presented an overview of the conclusions and recommendations of the Assembly and updated on next steps. The recommendations from the Citizens' Assembly provided NTCA and the constituent Local Authorities with a considered set of prioritised recommendations, together with wider consultation and engagement, which would help guide the development of further work in response to climate change, including influencing government.

The report also documented how everyone was already responding together as a region to this shared challenge. Through investment, convening and working in-step across our Local Authority areas, the NTCA could ensure this region led the

transition to net zero and embed the voice of citizens, business and society in the way this was done.

During the ensuing discussion and in response to questions, it was noted that:

- The robust evidence base to support the design of a large-scale housing retrofit programme for the North of Tyne region would include housing stock across all tenures including stock owned by private landlords.
- It was confirmed that the NTCA received four Expression of Interest for the Offshore and Subsea Infrastructure Offshore wind and subsea infrastructure programme projects valuing over £19 million (not £19 as stated in the report) and was projected to create 477 jobs, with many more expected indirectly through the supply chain.
- For recruitment of the 50 members, a process of ‘random stratified sampling’ was used to ensure the Assembly reflected local diversity in terms of age, disability, ethnicity, gender, geography, relative deprivation of an area, and attitude to climate change. A further breakdown of membership would be provided.
- The Oversight Panel was not chosen to be representative; it was chosen to guide the Assembly. It was comprised of university academics, representatives from commerce, the trade unions and the VCSE.
- Northumbria University were currently evaluating the work of the Assembly and the recommendations.
- If any other Citizens Assemblies were planned, the Chair suggested that it would be good practice for the Overview and Scrutiny Committee to have sight of the final report and could make recommendations prior to the report being endorsed by the Cabinet.
- The full detailed report of the Citizens Assembly was available online.
- There were some pilots going on with hydrogen in the region, but multi-faceted solutions would be required. It was confirmed that the NTCA was working with the universities on climate change.
- It was pointed out that local authorities did have policies that took climate change implications into account. However, there were some recommendations that would be challenging to implement as funding, or the powers might not be in place. Low carbon was central to the work of the NTCA and Cabinet would be updated on a regular basis.
- Assembly Members were informed of potential obstacles to implementing some of the recommendations as being beyond NTCA’s powers, but they were not constrained in making their recommendations; this was key to the co-production concept. However, expectations had to be managed and Assembly Members would be updated regularly to let them know what had been achieved.

**RESOLVED** – That the Overview and Scrutiny Committee noted the information and commented as above.

## 17 GREEN NEW DEAL

Maria Antoniou (Principal Economy and Strategy Manager) introduced the report which provided the NTCA Overview and Scrutiny Committee with an overview of the Green New Deal programme.

In April 2020, NTCA approved an Energy, Green Growth and Climate Change Blueprint and agreed a £24.2m investment fund allocation until 2023, which included a £10m for a Green New Deal Fund. The Green New Deal Fund would leverage private sector resources to deliver an £18m investment, enabling the North of Tyne to take a real lead in an area that would be fundamental to future growth, recovery, and the achievement of net zero.

In September 2020, Investment Panel agreed an approach for the Green New Deal Fund, with £9m to be utilised to establish the actual Green New Deal Fund, and up to a maximum of £1m to be utilised to establish technical capacity for the development of a robust low carbon and energy project pipeline. NTCA launched a call for proposals to shape the fund on 25 September 2020 and in March 2021 Investment Panel endorsed an NTCA contribution to North East Energy for Growth Accelerator to the total value of £495,000 from the £1m allocation previously agreed.

Following the external legal and financial due diligence review of the selected Green New Deal proposal, in June 2021 a fund management organisation, Amber, was selected and work commenced on the development of a Limited Partnership with Amber to deliver the fund.

The Green New Deal Fund would incorporate the following elements:

- Leveraging £9m additional private sector investment to NTCA investment of £9m resulting in an £18m programme with a 50% intervention rate. Total fund management costs would not exceed 10% of NTCA investment.
- A mixed grant/loan/equity model - a financial instrument with an evergreen component based on a Limited Partnership model.
- A focus on infrastructure projects as well as business growth and innovation with financial models that could be employed to bring forward projects.
- Investment directly into SMEs based in North of Tyne. This funding would be for growth capital which would allow the SME to invest in its R&D, training and workforce, enabling them to access larger contracts.
- Technical and investment support would be provided to project sponsors to ensure viable projects were brought forward for investment. This support would be aligned with support brought forward through the North East Energy for Growth Accelerator programme.
- The Fund would create high skilled jobs by delivering innovative projects across growing sectors. This would support upskilling and create apprenticeships or work placements for example the applicant would look to create a short-term work experience programme for young people interested in green finance.
- The Fund would work closely with existing initiatives including the Energy Catalyst and local universities to review high Technology Readiness Level projects for consideration and had confirmed there would be an initial period of engagement with the local business development support ecosystem.

It was anticipated that the North of Tyne Green New Deal Fund would be operational for businesses to access from late-Autumn 2021 onwards.

It is expected that the Limited Partnership would be set up in the coming weeks and the Green New Deal Fund launched and operational in the Autumn.

During the ensuing discussion and in response to questions, it was noted that:

- The Green New Deal Fund Advisory Panel was comprised of expert representatives from the Combined Authority, Local Authorities and the private sector.
- A mixture of existing businesses and new businesses would benefit from the Green New Deal Fund.
- The Fund would support upskilling and create apprenticeships and work placements. A variety of different offers would be looked at to support the development of skills. Specific examples of how work placements could work would be provided to Committee Members.

**RESOLVED** – That the Overview and Scrutiny Committee noted the information and commented as above.

## 18 GATEWAY REVIEW PROCESS

Janice Gillespie (Chief Finance Officer) introduced this item and handed over to Chrisi Page (Principal Investment Programme Manager) to give a presentation on the Gateway Review Process, key milestones and work to date.

The first gateway review was due to be complete by the end of March 2023. There were a number of stages with the process:

- Formal evaluation assessing progress against the national indicators was required.
- Impact assessment - a small number of projects would be selected and if sufficiently far along an impact assessment would be undertaken.
- The evaluation process would also include stakeholder interviews and online surveys, and external review by a panel of academics.
- Required to submit 3 reports; baseline, one year out and final report.
- Complementary report was submitted alongside final report providing an opportunity to present information to support the process in a way which was tailored to local context
- Following submission of draft final and complementary reports there would be an opportunity for NTCA officers to attend a number of question-and-answer sessions, meeting with analysts in the Department for Levelling up, Housing and Communities (DLUHC).
- A 'challenge session' takes place involving senior officers from NTCA and DLUHC. This would cover both progress to date and focus on future investment plans.
- Final agreement from Government should be confirmed by the end of March 2023.

Regarding governance, update reports to Cabinet would be provided at appropriate points as progress was made towards the Gateway Review; interim discussions with

cabinet members and senior officers would be held as required; and, Investment Panel would continue to have a critical role in terms of programme oversight and performance.

It was confirmed that the Review would be carried out by a number of officers within the Department for Levelling Up, Housing and Communities, particularly the Director of the Cities and Local Growth Unit. Ultimately, the Secretary of State would sign off the Review.

Members noted the information and thanked the officers for the presentation.

## 19 Q1 BUDGET MONITORING

Janice Gillespie (Chief Finance Officer) introduced the report to present the first quarter monitoring report on the 2021/22 NTCA financial position to the Overview and Scrutiny Committee.

The report brought together the forecast financial position for both 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 2022. It also set out the potential position on the reserves at the year end.

The Corporate budget for 2021/22 set a net zero position covering the costs associated with the capacity required to deliver.

Regarding the Investment Fund, to date the Combined Authority had achieved:

- A commitment of £68.440m against 71 live projects – out of a total programme value of £90.000m to March 2023.
- These projects would attract £245.720m of private sector leverage and were forecast to deliver 4193 jobs and safeguard a further 2673.
- Of these, the first 380 new jobs had been created and 1773 safeguarded.

The Brownfield Housing Fund was the first housing allocation for the North of Tyne Combined Authority. The funding was intended to support the development of at least 1,500 new homes by remediating and revitalising brownfield sites across the North of Tyne area. The Brownfield fund was part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery. There was a current total pipeline of 19 schemes with a total funding request of £26.100m.

In August 2020 NTCA took control of £23.145m devolved Adult Education Budget for the academic year 2020-21. An additional allocation of £0.959m for one year was received in September 2020 to invest in high value courses and sector-based work academy programmes. A further £0.409m was delegated to NTCA in April 2021 to deliver Lifetime Skills Guarantee. Bringing the total AEB for the academic year (August 2020 – July 2021) to £24.514m.

**RESOLVED** – That the Overview and Scrutiny Committee noted the report on the 2021/22 Q1 NTCA Budget Monitor Report which was submitted and approved at Cabinet on 27 July 2021.

**20 2021-23 BUDGET AND BUDGET SETTING PROCESS**

Janice Gillespie (Chief Finance Officer) presented the report which informed the Committee of the 2022-2026 Financial Planning and Budget Process. The report outlined the process to be adopted for the Authority's Financial Planning and Budget Process for 2022/23 as part of the proposed framework for the four years 2022/23 to 2025/26.

Further reports would follow as part of the process of setting the Authority's Budget for the financial year 2022/23. The next report to Cabinet would be on 30 November 2021, which would outline the initial Budget Proposals and would then be brought to Overview and Scrutiny Committee on 7 December 2021, followed by the Overview and Scrutiny Budget Workshop on 11 January 2022 to consider in detail the Authority's draft Budget Proposals and recommendations to Cabinet.

**RESOLVED** – That the Overview and Scrutiny Committee noted the report on the 2022-2026 Financial Planning and Budget Process which was submitted and approved by Cabinet on 22 September 2021.

**21 DATE AND TIME OF NEXT MEETING**

10:30am Tuesday 7 December 2021  
Newcastle Civic Centre