

## North of Tyne Combined Authority, Cabinet

Tuesday, 30 November 2021 at 2.00 pm

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

**Notice to the public:** Due to health and safety reasons, attendance by the public at this meeting may be limited and allocated prior to the meeting. Please contact Victoria Miller by emailing [victoria.miller@northoftyne-ca.gov.uk](mailto:victoria.miller@northoftyne-ca.gov.uk) no later than 25 November 2021 if you wish to attend.

This meeting will also be streamed live on YouTube.

[www.northoftyne-ca.gov.uk](http://www.northoftyne-ca.gov.uk)

---

## AGENDA

---

Page No

1. **Apologies for Absence**

2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

**Note:** Members of Cabinet have been granted dispensations so that they may participate in decisions which relate to the constituent authority which appointed them.

3. **Any announcements from the Mayor and/or the Managing Director**

- |     |  |         |
|-----|--|---------|
| 4.  | <b>Minutes of the Previous Meeting</b>                                       | 1 - 6   |
| 5.  | <b>Adult Education Budget – first year update and look ahead to year two</b> | 7 - 36  |
| 6.  | <b>Future High Streets Challenge</b>   | 37 - 42 |
| 7.  | <b>Investment Fund Update and Funding Approvals</b>                          | 43 - 50 |
| 8.  | <b>Good Work Pledge – update and next steps</b>                              | 51 - 60 |
| 9.  | <b>2021/22 Quarter 2 NTCA Budget Monitor Report</b>                          | 61 - 72 |
| 10. | <b>2022-2026 NTCA Budget Proposals</b>                                       | 73 - 82 |
| 11. | <b>NTCA Borrowing Powers and Debt Cap Agreement 2021-2022</b>                |         |

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985.

- |     |   |          |
|-----|---|----------|
| 12. | <b>In-Year Appointments to the Housing and Land Board</b>                 | 83 - 86  |
| 13. | <b>North East Local Enterprise Partnership – Funding Decisions Update</b> | 87 - 102 |
| 14. | <b>Date and Time of the Next Meeting</b>                                  |          |

Tuesday, 25 January 2022 at 2pm. Venue to be confirmed.

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



## Minutes

### North of Tyne Combined Authority, Cabinet

22 September 2021

(2.00 - 3.18 pm)

Meeting held: Committee Room, Civic Centre, Newcastle upon Tyne, NE1 8QH. The meeting was streamed live.

#### Present:

Chair: Mayor J Driscoll

Councillors P Holland, C Johnson, K Kilgour, G Sanderson and R Wearmouth, Mayor N Redfearn and Ms L Winskell

#### 31 APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor N Forbes.

#### 32 DECLARATIONS OF INTEREST

There were no declarations of interest.

#### 33 MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting held on 27 July 2021 were approved as a correct record and signed by the Chair.

#### 34 MAYORS ANNOUNCEMENTS: COMPREHENSIVE SPENDING REVIEW SUBMISSION

H Kippin, the Managing Director, delivered a presentation on the proposals for a programme of interventions and investment designed to create jobs, skills and economic opportunity for the North of Tyne region. He noted that this built on a strong vision set out by the NTCA Mayor and Cabinet and a multi-million NTCA programme of investment that was already delivering better outcomes for the region (a copy of the presentation slides is attached to the Official Minutes).

Amongst the matters noted during the ensuing discussion, were the following: the ongoing engagement with the Government on Clean Energy Economy, and Offshore Wind in particular; good collaboration between the partners; closer working between the constituent local authorities; and the cross-cutting economic advantages of the proposals for the region.

The Combined Authority was congratulated for its open and collaborative engagement approach with the North East LEP, which had resulted in a consistent and united message on behalf of the region.

The Cabinet noted the presentation.

**35 ANY OTHER ANNOUNCEMENTS FROM THE MAYOR AND/OR THE MANAGING DIRECTOR**

None.

**36 EDUCATION IMPROVEMENT WORK PROGRAMME**

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

The Cabinet considered the report which set out an innovative Education Improvement pilot which was building upon the co-designed priorities of the NTCA Joint School Improvement Strategy. The report was introduced by Councillor K Kilgour, the Cabinet member for Education, Inclusion and Skills.

The Cabinet welcomed the report. The ensuing discussion included matters such as the important role of children and young people in the future of the region and the priority of investment in their education; the Combined Authority's continuous commitment to the Education Improvement agenda; the commendation of the progress achieved; the scope and value of the proposed spending commitment; and the vital importance that the Government supports the NTCA Education Challenge as part of the Budget, Comprehensive Spending Review and COVID-19 Recovery Package submissions.

**RESOLVED** – That the Cabinet:

- i. Approved funding of £967,800 for a pilot NTCA Education Improvement programme, with authority delegated to the Managing Director for implementation, in consultation with the Cabinet Member for Education, Inclusion and Skills; and
- ii. Delegated authority to Managing Director and Chief Finance Officer to sign off amendments to the programme if required once delivery has commenced.

**37 COMMUNITY ENGAGEMENT: A FUTURE APPROACH**

Submitted: A report of the Head of Inclusive Growth (previously circulated and copy attached to Official Minutes).

The Cabinet considered the report which provided an update on the main community engagement platforms in the North of Tyne area and outlined plans for future activity. The report was introduced by Councillor K Kilgour, the Cabinet member for Education, Inclusion and Skills.

The Cabinet welcomed the report. The Mayor, on behalf of Cabinet, commended the Combined Authority for its pioneering approach to co-design and co-production; praised the success of Spacehive; and spoke about the role of engagement, which enabled the Combined Authority to achieve a substantial amount of progress fast.

**RESOLVED** – That the Cabinet authorised the Managing Director, in consultation with the Mayor as the Cabinet Member for Social Economy and Communities, to finalise and implement all steps in taking forward a further phase of community engagement work, including securing and agreeing appropriate funding from NTCA's Investment Fund of no more than £375,000.

### 38 **LOW CARBON AND GREEN JOBS: AN UPDATE**

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

The Cabinet considered the report which provided an update on investment and collaboration that was being undertaken by the North of Tyne Combined Authority (NTCA) to reduce carbon emissions and create green jobs.

The report was introduced jointly by the Mayor J Driscoll and Councillor R Wearmouth, the Cabinet member for Clean Energy and Connectivity.

The Cabinet welcomed the report. The ensuing discussion included matters such as the importance of the Low Carbon and Green Jobs agenda; the proactive approach that the constituent local authorities were taking in this area of work and the importance of collaboration between them at an Officer level to ensure the most effective use of resources; the confirmation that collaboration was at its strongest when working on specific projects and that work would continue in this direction to improve collaboration even further; the importance of using the expertise of the two universities in the North of Tyne area, which offered a valuable, world-class research facility; the vital new employment opportunities for the North of Tyne area, particularly for the deprived communities with a history of long-term unemployment due the collapse of industries, restoring pride and dignity; the importance of delivery; and the track record of success of NTCA in delivering programmes.

**RESOLVED** – That the Cabinet:

- i. Noted the report and that the Combined Authority will be imminently issuing calls to promote Green Skills and Offshore Wind Innovation;
- ii. Agreed a further allocation of £4m from the NTCA Investment Fund to increase opportunities for further jobs and investment in offshore wind; and delegated authority to the Managing Director, in consultation with the Mayor, Cabinet Member and Investment Panel, to consider and approve proposals for funding; and

- iii. Authorised the Managing Director to finalise the conditions to be attached to subsequent funding awards and authorised the Interim Monitoring Officer to complete the necessary documentation.

### 39 **FUNDING FOR SMES, SOCIAL ENTERPRISES AND FOR IMPROVING INNOVATION**

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

The Cabinet considered the report which set out a series of proposals for the Combined Authority to invest resources, strengthen outcomes and encourage recycling of regional wealth into local funds and businesses, helping to make finances available and accessible for businesses to enable the economy to grow, renew and innovate, and to create and sustain good jobs and services. The report was introduced jointly by the Mayor J Driscoll and Councillor C Johnson, the Cabinet member for Investment and Resources.

The Cabinet welcomed the report. Amongst the matters noted during the ensuing discussion were the following: the value of the right financial support for businesses; the value of feedback from businesses and other stakeholders at appropriate stages of the programme to enable more tailored packages and to identify other opportunities; and the need for regular updates to Cabinet on progress.

**RESOLVED** – That the Cabinet:

- i. Noted the report and endorsed the proposed objectives as set out in section 1.2 of the report.
- ii. Agreed an overarching allocation of £15m over 5 years to enable the first phase of investment in a strategic approach to achieving these objectives.
- iii. Authorised the Managing Director in consultation with Investment Panel, the Mayor and Cabinet Member for Investment and Resources to consider proposals and award funding to deliver activity aligned with the specific proposals set out in section 2, with Cabinet to be updated on progress; and with provisional allocations as follows:
  - a. £900k to improve ecosystem coordination, maximise take-up of existing finance on offer and improve investor readiness.
  - b. £10m for equity investment, including through seeding or investment in new or existing Venture Funds, with the objective of improving finance for high growth potential organisations based in the North of Tyne.
  - c. £4m to establish a social finance fund with the aim of filling gaps in the finance market, including loan and equity, for socially trading and or employee-owned businesses operating in our key sectors.
  - d. £100k to commission advice on how NTCA and wider stakeholders can improve the flow of local capital into existing or new regional funds

and vehicles; retaining regional wealth in our access to finance ecosystem and boosting investment in our key objectives of innovation, growth, and transition to net-zero.

- iv. Agreed that the development of proposals should continue to be overseen by the Chief Finance Officer and Managing Director, with ongoing input from the Local Authority Financial and Economic Directors.
- v. Agreed that it should receive regular reports on progress.

#### 40 **INVESTMENT FUND UPDATE AND FUNDING APPROVALS**

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

The Cabinet considered the report which provided an update on progress with the North of Tyne Investment Fund, including projects to create jobs and support the economic recovery from COVID-19, alongside programmes to strengthen educational outcomes and help address child poverty, while also building on the previous commitments. The report was introduced by Councillor C Johnson, the Cabinet member for Investment and Resources.

The Cabinet welcomed the report and commended the significant amount of work that was being progressed to address regional challenges and create jobs.

**RESOLVED** – That the Cabinet:

- i. Noted progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of defrayed expenditure and achievements in terms of tangible jobs for residents as a direct result of the NTCA investment.
- ii. Noted that approval of the Battleship Wharf to Northumberland Energy Park and Inward Investment Capacity projects were subject to a delegated decision by the Managing Director; a separate report on the Cabinet agenda for this meeting sought approval for the Education Improvement Pilot Programme.
- iii. Approved £906,052 of funding to Newcastle Gateshead Initiative Ltd to deliver the Localised Supply Chains and Tourism Product Innovation project – creating jobs and supporting economic recovery in these sectors.
- iv. Approved funding of £887,500 to North of Tyne Combined Authority, to deliver an innovative NTCA Child Poverty Prevention Programme.
- v. Authorised the Managing Director to finalise the conditions to be attached to the above funding awards and authorised the Interim Monitoring Officer to complete the necessary documentation.

41 **2022-2026 NTCA FINANCIAL PLANNING AND BUDGET PROCESS**

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

The Cabinet considered the report which sought approval for the Authority's Financial Planning and Budget process for 2022/23 as part of the proposed framework for the four years' period 2022/23-2025/26. The report was introduced by K Laing, Strategic Finance Manager. It was noted that a report to the November meeting would outline the initial Budget proposals.

**RESOLVED** – That the Cabinet approved the proposed outline 2022-2026 Financial Planning and Budget process, which incorporated the key decision milestones and dates as set out at Appendix A to the report.

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

Tuesday, 30 November 2021 at 2pm.

**Venues of future meetings**

Members agreed that consideration should be given to reinstating the rotation of meetings of Cabinet across the venues of the constituent local authorities.

Consideration should also be given to the possibility of the Cabinet meetings being held at alternative venues, including the possibility of hosting at organisations where the Combined Authority was working in partnership.

**Thank you and farewell to Pat Ritchie**

Thanks and commendation were offered to Pat Ritchie, the outgoing Chief Executive Officer of Newcastle City Council. Members commended her work, including being instrumental in the creation of the North of Tyne Combined Authority, working with a wide range of partners, including in the Government. She was also commended for her work as the former Head of Paid Service of the Combined Authority.

Whilst it was understood that Pat Ritchie was stepping back from her role as the Chief Executive Officer of the Newcastle City Council, members expressed hope that she would continue in a role both locally and nationally. The Mayor and the Cabinet wished her well for the future.



**Subject: Adult Education Budget – first year update and look ahead to year two**  
**Report of: Head of Inclusive Growth**  
**Portfolio: Education, Inclusion and Skills**

## Report Summary

The purpose of this report is to provide an update on the first academic year (AY) 2020-21 of the North of Tyne Combined Authority (NTCA) devolved Adult Education Budget (AEB). It sets out the adult education opportunities that have been created for NTCA residents during the first AY 2020-21 and outlines next steps in terms of AEB delivery for AY 2021-22.

Over **25,400 enrolment opportunities** have been undertaken during AY 2020-21. NTCA AEB providers have delivered a range of provision targeting employed and unemployed residents. These include statutory entitlements in maths, English, English for Speakers of Other Languages (ESOL) and digital skills plus full Level 2 and Level 3 vocational programmes required to access the labour market and/or progress in work.

Devolution of the AEB has allowed us to develop close working relationships with NTCA's AEB provider base, and establish strategic, place-based networks to allow providers to be more involved in strategic discussions about the supply and demand for skills at a local level.

NTCA's devolved 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. **10,912 (45%) of enrolments are in the top 10% deprived wards across NTCA.**

NTCA providers have established a wide range of provision to support unemployed residents to meet individual and employer needs across the NTCA region. **67% of enrolment opportunities are undertaken by residents who are unemployed**, with 50% of these residents unemployed and actively looking for work.

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.**

Over 15,800 formal qualifications were undertaken during the first year of the devolved AEB, **95% of completed qualifications at Level 2 were achieved.** AEB case studies provided in Appendix 5 of this report detail some of the amazing outcomes and employment that has been gained by residents accessing the devolved AEB in AY 2020-21.

Devolution of AEB has provided an opportunity to make commissioning decisions on an area focused and forward-looking basis. Our ambition is to improve the impact of AEB in the NTCA region and during AY 2021-22 we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high quality provision that responds to the needs of our residents and employers.

## Recommendations

The Cabinet is recommended to:

1. Note the progress which has been made in terms of AEB delivery for the first academic year (1 August 2020 to 31 July 2021) of devolution.

2. Endorse the approach to managing AEB delivery for the second academic year (1 August 2021 to 31 July 2022).

## 1. **Background Information, Proposals and Timetable for Implementation**

### 1.1 **Background**

- 1.1.1 In August 2020 the NTCA took control of a £23 million AEB, secured as part of the devolution deal. An additional allocation of £959,064 was devolved in September 2020 to invest in High Value Courses and Sector-based work academy programmes. £409,894 was also delegated to NTCA in April 2021 to deliver the Lifetime Skills Guarantee – Level 3 Adult Offer. This brings the total AEB for AY 2020-21 to £24,513,925.
- 1.1.2 NTCA are clear that the devolved AEB is a cornerstone of investment in the skills system and has a significant role in supporting our region's economic recovery from the COVID-19 pandemic. We are working 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.
- 1.1.3 Devolution of AEB has provided an opportunity to make commissioning decisions on an area focused and forward-looking basis. Our ambition is to improve the impact of AEB in the NTCA region and we will continue our approach to strategic relationship building and partnership working to develop localised, flexible, high quality provision that responds to the needs of our residents and employers.
- 1.1.4 During the first year of devolved AEB our main aims have been to:
  - Build effective working relationships with NTCA's AEB provider base to understand the barriers to learning and employment that our residents face and support the development of programmes which meet individual and employer needs across the NTCA area. Recognising the important proactive role that can be played by skills providers, not as passive recipients of skills funding but as key strategic planning and delivery partners.
  - Maintain stability in adult education provision and supporting flexibilities where possible to maintain delivery throughout the COVID-19 crisis and into recovery.
  - Build strong strategic links with wider stakeholders and employers in order to understand and align AEB provision to the emerging needs and changes in the local labour market.
  - Create a place-based approach to the delivery of adult skills, recognising that a 'one size fits all' approach will not achieve our ambitions for AEB. Deliver a more responsive, accessible adult skills offer for residents, ensuring that devolved AEB is relevant and accessible to employers and residents in rural parts of Northumberland and North Tyneside as well as urban centres in Newcastle.
  - Continue to fund statutory requirements which provide residents with the basic skills in maths, English, English for Speakers of Other Languages (ESOL) and digital that are core to their employability and personal development.
  - Respond flexibly and rapidly to address emerging needs and changes to the labour market.
- 1.1.5 During the first year of devolved funding, NTCA have immediately started to make effective use of the flexibilities afforded by devolution of AEB in relation to its funding rules, rates and eligibility criteria to ensure the funding can be targeted where it is needed most. We have successfully secured provision which is based in the heart of our communities for innovative programmes that would not have been funded previously through non-devolved AEB.
- 1.2 **Academic Year 2020-21 – What has been achieved?**

- 1.2.1 With Cabinet approval 100% of the devolved AEB funding, including additional funds for High Value Courses, Sector based work academy programmes and the Level 3 Entitlement, was allocated during AY 2020-21.
- 1.2.2 £16.9m (69%) was allocated through Grant Funding Agreements. These allocations included funding for HVC, SWAP and the Level 3 Adult Offer. £6.9m (27%) was allocated through procurement exercises open to all adult education training providers during AY 2020-21. 3% (£723,071) of the devolved AEB budget was retained for administration costs. A detailed list of NTCA's AEB providers and funding allocations for AY 2020-21 is included in Appendix 1 of this report.
- 1.2.3 Devolution of the AEB has allowed us to move from a system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, and with common agreement to address local need, as set out in the NTCA Strategic Skills Plan. As stated, the aim for the first year of the devolved AEB was to develop close working relationships with NTCA's AEB provider base, and establish strategic, place-based networks to allow providers to be more involved in strategic discussions about the supply and demand for skills at a local level.
- 1.2.4 The establishment of effective working relationships with the NTCA providers has proved invaluable in monitoring the impact of COVID-19 on AEB provision during this first year. In partnership with our provider base, we have worked hard to shape the delivery of adult education towards what our communities and businesses need during the pandemic and into recovery.
- 1.2.5 Providers have implemented innovative plans to ensure delivery continued amid lockdowns, isolation, and social distancing rules. This has included transferring provision on-line, supporting vulnerable learners through one-to-one video calls and where classrooms have been able to open, delivering to groups of learners with effective safety measures in place.
- 1.3 Devolved AEB funding flexibilities AY 2020-21**
- 1.3.1 With approval through the NTCA scheme of delegation in place for the devolved AEB, NTCA implemented new funding flexibilities in January 2021. The flexibilities were in response to consultation with the AEB provider base on the impact of the crisis during the first quarter of the academic year to November 2020.
- 1.3.2 The flexibilities included a fully funded non-accredited learning aim that can be utilised by all providers to engage residents in devolved AEB enrolment opportunities. The purpose of the learning aim is to offer informal activities to improve learner confidence, mental health and wellbeing. Providers are funded to engage residents with this learning aim prior to progressing them to further learning.
- 1.3.3 A further flexibility introduced 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 and non-accredited work-related training to support employers in areas such as business resilience and COVID-19 safe working practices.
- 1.3.4 In April 2021 a second fully funded non-accredited learning aim was introduced, similar to the one approved in January 2021 and outlined in paragraph 1.3.2. This aim is available for targeted support for mental health and provision that responds to the ongoing impacts and inequalities caused by COVID-19.
- 1.3.5 NTCA also extended the use of learning support across all AEB providers. Learning support funding is designed to remove barriers to learning and can include one to one support and/or provide resources to support learning. Prior to devolution of AEB only providers with grant funding agreements had an allocation for learning support, this was based on 'historical' allocations through the Education and Skills Funding Agency (ESFA).
- 1.3.6 The COVID-19 crisis has highlighted inequalities across our region with our most disadvantaged residents being impacted more severely in terms of health, digital inclusion, access to jobs, services

or education and training. The extended use of learning support allocations is designed to specifically address this disadvantage and remove barriers to learning.

- 1.3.7 In recognition of the unprecedented impact on AEB delivery that COVID-19 restrictions have had during this first year of devolution we aimed to ensure a stable financial footing for the NTCA's provider base going into the next funding year, whilst also ensuring the appropriate use of public funds.
- 1.3.8 With approval through the scheme of delegation for devolved AEB all providers were provided with the opportunity to carry any 'under delivery' against their AY 2020-21 funding allocations into AY 2021-22. Grant funded providers were provided with an opportunity to submit a Cost Analysis Statement enabling them to 'claim' actual expenditure and activity related to AEB that is not evidenced in funding reports, either as well as or instead of carrying their under-delivery into the next academic year.
- 1.3.9 These options were provided to reduce the risk of de-stabilising the AEB provider base during this period of uncertainty and to give providers and residents additional time to 'recover' from the disruption to delivery as a result of COVID-19. It was also to ensure that residents have access to a wide range of provision when lockdown restrictions eased which may not be available if funding recovery had taken place.
- 1.3.10 Table 1 below details the proportion of AEB funding allocations (excluding HVC, SWAP and Level 3 Adult Offer) utilised by providers in AY 2020-21. The table also illustrates funding which will be 'carried in' by providers to AY 2021-22 and funding claimed through cost analysis statements.

**Table 1**

	Allocation AY 2020-21	Actual Spend AY 2020-21	% Delivered	Carry-in to AY 2021-22	Cost Analysis Statements
Main Grant Agreements	£15,700,104	£13,112,089	84%	£853,559	£1,734,456
Procured Contracts for Service	£6,629,480	£5,274,971	80%	£1,354,509	£0
Total	£22,329,584	£18,387,060	<b>82%</b>	£2,208,068	£1,734,456

- 1.3.11 In relation to the funding allocations for the main AEB, NTCA providers delivered 82% of actual learning in AY 2020-21, even though the COVID-19 pandemic caused all learning environments to close for a significant proportion of the academic year. This reflects the work and commitment from our provider base, to ensure residents are supported and deliver as much quality provision as possible, whether that is face-to-face or online.

#### 1.4 **AY 2020-21 AEB enrolment opportunities**

- 1.4.1 **25,499 enrolment opportunities have been undertaken during 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.
- 1.4.2 4865 (19%) 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.

- 1.4.3 Table 2 below illustrates the overall number of enrolments by Local Authority area and funding model.

**Table 2**

Enrolments by Local Authority	AY 2020-21		
	AEB Adult Skills	Community Learning	Total
Newcastle	11,472	2,808	14,280
North Tyneside	4,332	1,144	5,476
Northumberland	4,830	913	5,743
Total	20,634	4,865	<b>25,499</b>

- 1.4.4 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 year one data has revealed that 16,896, (69%) of enrolment opportunities are undertaken by residents living in NTCA's top 20% deprived areas. 10,912 **(45%) of enrolments are in the top 10% deprived wards across NTCA.**
- 1.4.5 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.
- 1.4.6 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.
- 1.4.7 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.
- 1.4.8 NTCA's constituent Local Authority providers utilise outreach venues and community venues and have made use of the flexibilities afforded by devolution of AEB in relation to its funding rules, rates, and eligibility criteria to ensure the funding can be targeted where it is needed most.
- 1.4.9 All providers are required to set out their enrolment targets on a monthly profile so that 'actual delivery' can be monitored against their profiled targets. Due to the impacts of COVID-19 providers delivered 80% of their profiled Adult Skills and Community Learning targets in AY 2020-21
- 1.4.10 Table 3 below sets out the profiled targets by Grant providers and procured Contract for Service providers to 31<sup>st</sup> July 2021 against their actual delivery.

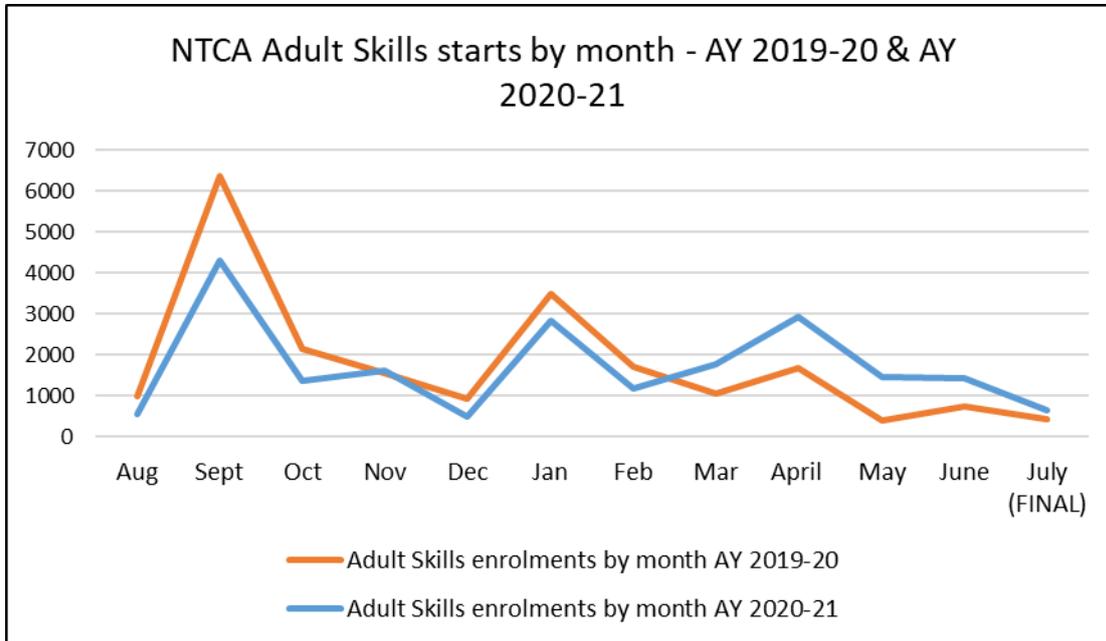
**Table 3**

AY 2020-21	Profiled Enrolments	Actual Enrolments	% of profiled target
Grant providers	25,104	19,605	78%
Procured Contracts for Service	6,615	5,896	89%
Total	31,719	25,501	<b>80%</b>

- 1.4.11 Analysis of delivery data and consultation with providers confirms delivery has been impeded by social distancing and lockdown measures. Delivery on employer premises and practical 'face to face' provision that could not be delivered on-line was particularly affected. This included rail track engineering, construction programmes, supporting teaching and learning in schools, delivery to care workers in care homes and a Heavy Goods Vehicle (HGV) driving programme where practical driving tests were cancelled.

1.4.12 Chart 1 below compares the number of Adult Skills courses residents started by month, with the previous 'non devolved' year of AEB (AY 2019-20). The chart reflects starts by month in AY 2020-21 was for the majority of months lower than the previous year. The number of residents enrolling increased from March to April 2021 as lockdown restrictions began to ease and providers were able to fully utilise NTCA's funding flexibilities to engage learners.

Chart 1



1.4.13

20,634

Adult Skills enrolment opportunities were undertaken in the first year of devolved AEB, this is compared to 21,864 non-devolved Adult Skills enrolments in AY 2019-20. This small 6% decrease in enrolment activity is in spite of COVID-19 restrictions being in place from the start of the AY 2020-21 compared to AY 2019-20 where the impact of the pandemic started in the final term of the academic year.

## 1.5 Range of provision

1.5.1 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.

1.5.2 **67% of enrolment opportunities are undertaken by residents who are unemployed**, with 50% of these residents are unemployed and actively looking for work. As stated in paragraph 1.1.4, one of the main aims during this first year of AEB was to gain a better understanding of barriers to learning and employment that our residents face.

1.5.3 NTCA providers have responded to this challenge and established a wide range of provision to support unemployed residents to meet individual and employer needs across the NTCA region. This provision includes programmes to meet demand for warehousing and distribution and creating adult skills opportunities for the care sector. These sectors have seen a surge in demand for workers and support staff as result of the COVID-19 crisis as well as the impact of Brexit.

1.5.4 Sector based work academy programmes (SWAP) are being co-designed with employers who have job vacancies in areas such as contact centres, construction, installation of fibre networks and rail engineering. There are also many opportunities for residents to gain digital skills required for work from basic level skills to Level 2 and Level 3 higher level skills.

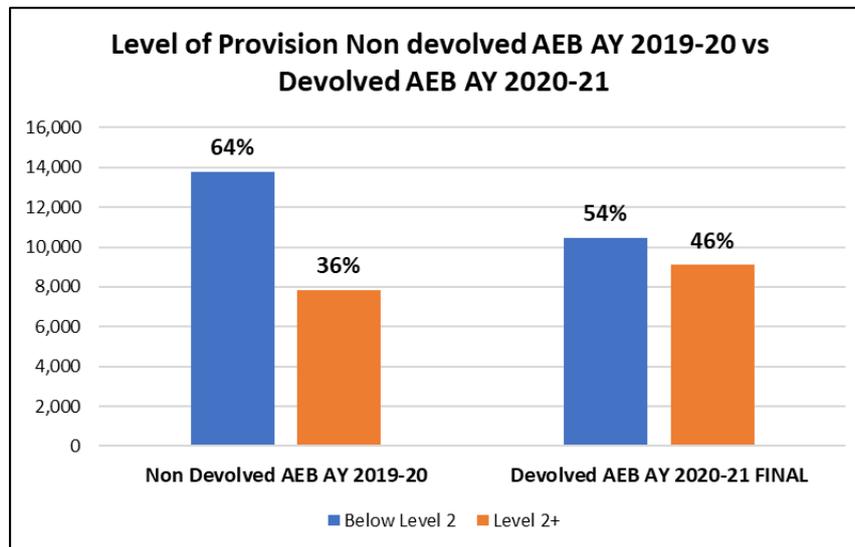
1.5.5 Table 4 below illustrates the range of provision by subject sector area.

**Table 4**

<b>Subject Sector Area</b>	<b>Number</b>	<b>%</b>
01 - Health, Public Services and Care	5,005	20%
02 - Science and Mathematics	367	1%
03 - Agriculture, Horticulture & Animal Care	122	0%
04 - Engineering and Manufacturing Technologies	1,293	5%
05 - Construction, Planning and the Built Environment	455	2%
06 - Information and Communication Technology	2,195	9%
07 - Retail and Commercial Enterprise	1,452	6%
08 - Leisure, Travel and Tourism	130	1%
09 - Arts, Media and Publishing	1,209	5%
10 - History, Philosophy and Theology	103	0%
11 - Social Sciences	6	0%
12 - Languages, Literature and Culture	1,241	5%
13 - Education & Training	342	1%
14 - Preparation for Life and Work	10,651	42%
15 - Business, Administration and Law	928	4%

- 1.5.6 Subject sector area (SSA) 14 – Preparation for Life and Work accounts for 42% 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.
- 1.5.7 Enrolment opportunities in Health, Public Services and Care have increased by 5 percentage points on the previous AY 2019-20 to 20% of overall enrolment opportunities. This demonstrates increased demand for skills in this sector during the pandemic.
- 1.5.8 Similar increases have occurred in Retail and Commercial Enterprise which incorporates provision such as warehousing and distribution. Enrolment opportunities in Information and Communication Technology have increased by 6 percentage points on the previous year to meet demand for basic digital skills so residents were able to access on-line activities during the crisis. A full comparison of provision by subject sector in AY 2019-20 and AY 2020-21 is detailed in Appendix 2 of this report.
- 1.5.9 Prior to devolution, AEB delivered a significant proportion of enrolments across all sector areas that were below Level 2. Devolution has enabled us 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.
- 1.5.10 Chart 2 illustrates a comparison of the level of provision for non-devolved provision in AY 2019-20 and level of provision for devolved AEB in AY 2020-21.

**Chart 2**



## 1.6 Statutory Entitlements

- 1.6.1 The AEB provides free statutory entitlements which include digital, maths, English and English for Speakers of other Languages (ESOL). Grant funded providers which include Further Education (FE) Colleges and Local Authority providers deliver a significant proportion of this entitlement for the NTCA.
- 1.6.2 Analysis of the year one delivery data reveals that **1832 enrolment opportunities were undertaken in maths and English provision** during AY 2020-21 with 464 (**25%**) undertaken as **GCSE's** in these subjects which is often an essential entry qualification to further education, apprenticeships and employment.
- 1.6.3 **Over 4900 enrolment opportunities were in ESOL.** Providers report that learners whose first language is not English have been severely impacted by the COVID-19 crisis and are increasingly marginalised by lack of digital skills to access information and support. Digital skills sitting alongside language skills have been prioritised for these learners with many now able to access some learning on-line.
- 1.6.4 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 540 young people in this provision during the first year of devolved AEB.
- 1.6.5 In April 2021, the Department for Education (DfE) delegated £409,894 to NTCA to deliver the Lifetime Skills Guarantee – Level 3 Adult Offer from 1<sup>st</sup> April to 31<sup>st</sup> July 2021. An allocation of £1.6m was also confirmed for AY 2021-22.
- 1.6.6 NTCA rapidly deployed the £409,894 allocation received in April 2021 to providers (detailed in Appendix 1) in order to utilise the allocation by 31<sup>st</sup> July 2021, as required by the DfE. In spite of the short timescales that were involved NTCA providers have successfully delivered over 40% of the allocation. The remainder of this delegated funding will be reconciled by DfE in March 2022.
- 1.6.7 147 qualifications are being undertaken by NTCA residents as part of the April 2021 to July 2021 Level 3 Adult Offer. The Level 3 Offer enables adults without an A-Level or equivalent qualification to undertake a free, Level 3 fully-funded college course – providing them with skills valued by employers. Qualifications delivered to date include: L3 Diploma in Gas Engineering, L3 Diplomas in Adult Social Care and Residential Childcare, L3 Diplomas in Counselling and Understanding Mental Health, L3 Diploma in Work Supervision (Construction Sector).
- 1.6.8 Table 5 below illustrates statutory entitlement enrolment opportunities.

**Table 5**

Statutory Entitlements	Number of enrolments
English	805
Maths	1027
ESOL	4931
Digital Entitlement	712
Full Level 2 Entitlement	353
Full Level 3 Entitlement	194
Level 3 Adult Offer	147
Total	8155

## 1.7 Profile of residents engaged in AEB

1.7.1 Key priorities set out in the NTCA Strategic Skills Plan include supporting residents of all ages, including those in work, to develop their skills to progress into better jobs and increase their earnings. We also aim to extend the reach of learning opportunities to a broader range of underrepresented groups.

1.7.2 Analysis of the profile of residents engaged in enrolment opportunities during the first year of devolved AEB suggests that the investment is responding to these priorities:

- 69% of residents accessing devolved AEB reside in the top 20% deprived wards in our region (45% of in the top 10% deprived wards)
- 16,457 (67%) of AEB opportunities were undertaken by unemployed residents
- 3710 (27%) of AEB opportunities were undertaken by young people (19-24)
- 60% of AEB enrolment opportunities were undertaken by women
- Over 10,000 (40%) of enrolment opportunities were undertaken by residents from our BAME community
- 4269 residents (17%) participating in provision self-declared a learning difficulty/disability

1.7.3 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.**

1.7.4 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 2500 enrolment opportunities were eligible for the low wage flexibility.** 68% of these enrolments were undertaken by women.

1.7.5 The pandemic has impacted all communities across our region, not least those from a BAME background who have been unduly affected by the virus in terms of transmission and health. The devolved AEB provided over **10,000 enrolment opportunities which were undertaken by our BAME community.** Support for our BAME community includes provision from Action Foundation who deliver ESOL advice and career guidance to support refugees and asylum seekers in Newcastle and beyond.

- 1.7.6 Research suggests that people with disabilities have also been among the hardest hit during the COVID-19 crisis and this looks set to worsen. With some support systems unavailable, people with disabilities have faced multiple barriers in finding employment, education or training.
- 1.7.7 **Over 4200 (17%) of AEB enrolment opportunities are accessed by residents who have self-declared a learning difficult/disability.** Further work will be undertaken in AY 2021-22 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.
- 1.7.8 It is well documented that the COVID-19 crisis disproportionately affected our young people and supporting this age range to gain the skills needed to progress into employment is a priority for the AEB. In the first year of devolved AEB over 3700 (27%) of enrolment opportunities were undertaken by young people aged 19-24 with many of these receiving vital employability support as well as full level 2 and level 3 qualifications.
- 1.8 **Outcomes for residents undertaking AEB provision**
- 1.8.1 Over 15,800 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.
- 1.8.2 Of the formal qualifications delivered, **55% were at Level 2 with 95% of completed qualifications achieved** at this level. Table 6 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 6**

	Entry Level		Level 1		Level 2		Level 3	
	Number	% of total quals	Number	% of total quals	Number	% of total quals	Number	% of total quals
Qualifications delivered	2675	17%	4097	26%	8670	55%	410	2%
Qualifications completed	2477	18%	3741	27%	7256	53%	229	1%
Qualifications achieved	2256	91%	3494	93%	6892	95%	210	92%
Continuing	21		64		380		116	

- 1.8.3 The devolved AEB also provided over 4300 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.
- 1.8.4 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.
- 1.8.5 Over 4600 enrolment opportunities through the devolved AEB in year one were delivered as informal Community Learning as referred to in paragraph 1.23 of this report. NTCA value this provision and recognise the positive impact that informal community learning can have on our resident's health and wellbeing.
- 1.8.6 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.

- 1.8.7 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.
- 1.8.8 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.
- 1.8.9 Complete destination and job outcome data from devolved AEB delivery will be a focus for AY 2021-22. AEB case studies provided in Appendix 5 detail some of the amazing outcomes and employment that has been gained by residents accessing the devolved AEB in AY 2020-21.

## 1.9 **Academic Year 2021-22 – a look ahead to year two**

- 1.9.1 The devolved Adult Education Budget is enabling NTCA to strengthen the strategic focus of education, work and skills provision for adults. We have put in place the fundamentals of skills devolution and intend to build on our approach of creating close collaborations, bringing together employers, colleges, training providers, local commissioners and the VSCE sector to construct a skills system that is joined up whether funding is devolved or not.
- 1.9.2 In early February 2021 the 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 delegated Lifetime Skills Guarantee. Bringing the total AEB for AY 2021-22 to £25,193,081.
- 1.9.3 Through the NTCA Scheme of Delegation for the devolved AEB, 93% (including 3% for administration costs) of the allocation for AY 2021-22 including the delegated funds for the Lifetime Skills Guarantee 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 2021-22 is included in Appendix 3 of this report.
- 1.9.4 Providers' AEB delivery plans for AY 2021-22 are underway from the 1<sup>st</sup> August 2021 and will be monitored at quarterly performance management meetings throughout the year. Engagement with the new Level 3 Adult Offer is also being closely monitored to ensure funding delegated to NTCA for this delivery is utilised in full and NTCA residents without a full level 3 offer are accessing this new entitlement.
- 1.9.5 Over 5000 enrolment opportunities have started from 1<sup>st</sup> August 2021, with over 150 delivered as part of the Level 3 Adult Offer. An overview of AY 2021-22 delivery to 4<sup>th</sup> September 2021 is detailed in Appendix 4 of this report.
- 1.9.6 NTCA are exploring a number of options for consideration in relation to the management of unallocated AEB funding for AY 2021-22. In line with the scheme of delegation in place for the devolved AEB, a Delegated Decision report will be submitted setting out the options available, with associated risks and mitigations.
- 1.9.7 NTCA will continue to develop and implement a range of locally focused initiatives, aligned with ongoing policy developments and supporting evidence to target over and above the main statutory entitlements of the AEB.
- 1.9.8 The devolved AEB will also continue to support delivery of [NTCA's Strategic Skills Plan](#) and the [North of Tyne Corporate Plan 2021-2022 - 'Jobs, Skills and A Post-COVID Economy'](#).
- 1.9.9 Key priorities going into AY 2021-22 include:

- Continue to work closely with the NTCA provider base to develop improved analysis of learner journeys, with a focus on positive outcomes and progression
- 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
- Work collaboratively to better respond to employer skills/talent needs, specifically in the NTCA growth and foundation economy sectors
- Keep the funding in the skills system to facilitate provider stability and enable rapid recovery from the pandemic

1.9.10 We recognise that the devolved AEB is an important contribution to NTCA's inclusive economy and will play a major role in supporting recovery. Provider performance in the first year has been mainly positive, however we are mindful that there may be further disruption from COVID-19 which may impact on delivery and learner engagement going forward.

## 2. Potential Impact on Objectives

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

## 3. Key Risks

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

## 4. Financial and Other Resources Implications

4.1 Table 7 illustrates the total AEB funding allocations for academic year (AY) 2021-22. The table also includes the amount of remaining 'unallocated' AEB funding referred to in paragraph 1.9.6 of this report.

**Table 7**

AEB devolved from DfE to NTCA for AY 2021-22	£23,551,493
L3 Entitlement delegated from DfE to NTCA for AY 2021-22	£1,641,588
<b>Total NTCA Allocation 2021-22</b>	<b>£25,193,081</b>
3% Administration costs	£706,545
AEB allocations to Grant providers AY 2021/22	£15,655,104
AEB allocations to Contract for Services in Lot 1 Unemployed	£2,235,363
AEB allocations to Contract for Services in Lot 2 Employed	£3,162,193

AEB allocations to Contract for Services in Lot 3 Innovation	£1,252,954
L3 Entitlement Allocations	£1,452,424.00
<b>Total devolved AEB allocations AY 2021-22</b>	<b>£24,464,583</b>
AEB remaining to allocate AY 2021-22	£539,334
L3 Entitlement remaining to allocate AY 2021-22	£189,164
<b>Total remaining to allocate (Devolved AEB &amp; Delegated L3 Entitlement)</b>	<b>£728,498</b>

Amount reconciled in AY 2020-21	<b>£951,978</b>
<b>Total remaining to allocate in AY 2021-22</b>	<b>£1,680,476</b>

- 4.2 The amount reconciled in AY 2020-21 included £286,435 allocated to Newcastle College through a procured Contract for Service for a construction project. Due to the impact of COVID-19 this project was unable to start in AY 2020-21. Through the Scheme of Delegation £195,000 of the procured contract was redistributed for alternative provision. At the end of the AY Newcastle College requested a termination of this procured Contract for Service, the funding allocated to this contract will be redistributed in AY 2021-22.
- 4.3 The reconciliation amount also includes funding that was allocated for HVC and SWAPs which was not devolved to NTCA until September 2020 and the academic year was already underway. The HVC funding was specifically for high value courses for 18- and 19-year-olds. These high value courses require a full academic year to deliver however lockdown restrictions resulted in providers unable to provide the guided learning hours required for these courses.
- 4.4 SWAPs require a practical work placement however COVID-19 impacted on this delivery in the workplace throughout AY 2020-21. SWAP activity did increase towards the end of the AY as lockdown restrictions eased. Further SWAP delivery will take place in AY 2021-22.
- 4.5 NTCA are exploring a number of options for consideration in relation to further funding flexibilities and the management of funding allocations for AY 2021-22. In line with the scheme of delegation in place for AEB, a Delegated Decision report will be submitted with a proposed approach.

## 5. Legal Implications

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

## 6. Equalities Implications

- 6.1 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.
- 6.2 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.

6.3 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>

## 7. **Inclusive Economy Implications**

7.1 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.

7.2 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.

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

7.4 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.

## 8. **Climate Change Implications**

8.1 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.

8.2 All providers are required to provide assurance that they have an environmental and sustainability policy.

8.3 In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the NTCA will monitor compliance through performance management processes.

8.4 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.

## 9. **Consultation and Engagement**

9.1 NTCA have established effective working relationships with NTCA Grant and Contracted providers to monitor and respond to the impact of the COVID-19 crisis on the first year of devolved AEB. Insight and intelligence gathered has been used to inform funding flexibilities and additional provision made available through the AEB provider base to support recovery.

9.2 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.

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

9.4 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.

## 10. Appendices

Appendix 1 – Devolved AEB Providers and Funding Allocations AY 2020-21

Appendix 2 - Devolved AEB Enrolments by Subject Sector Area AY 2020-21 vs Non-Devolved AEB Enrolments AY 2019-20

Appendix 3 – Devolved AEB Providers and Funding Allocations AY 2021-22

Appendix 4 - Overview of devolved AEB delivery AY 2021-22 to 4<sup>th</sup> September 2021

Appendix 5 – Provider Case Studies

## 11. Background Papers

AEB Strategic Skills Plan 'Opportunity for All'

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

## 12. Contact Officers

Leigh Mills, Head of Inclusive Growth, [leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk) 07855 100179

Michelle Stone, AEB Policy and Data Officer [michelle.stone@northoftyne-ca.gov.uk](mailto:michelle.stone@northoftyne-ca.gov.uk) 07813 766998

## 13. Glossary

AEB	Adult Education Budget
AY	Academic Year
BAME	Black, Asian and Minority Ethnic
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
HVC	High Value Courses
JCP	Job Centre Plus
MCA	Mayoral Combined Authority
NTCA	North of Tyne Combined Authority
SSA	Subject Sector Area
SWAP	Sector based work academy programme

This page is intentionally left blank

## Appendix 1 – Devolved AEB Providers and Funding Allocations AY 2020-21

Grant funded provider name	Main AEB Allocation AY 2020-21
Education Partnership NE (Northumberland College)	£1,318,313
Gateshead College	£792,594
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	£1,134,642
South Tyneside Council	£454,376
Tyne Coast College	£1,265,836
Workers Educational Association	£350,852
	<b>£15,700,104</b>

Procured Contract for Service provider name	Main AEB allocation AY 2020-21			
	Lot 1 Unemployed	Lot 2 Employed	Lot 3 Innovation	Total
Action Foundation			£85,000	£85,000
Back 2 Work	£149,820			£149,820
B-Skill Limited		£253,270		£253,270
Barnardos			£60,220	£60,220
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
McCrory Training Limited		£495,200		£495,200
New College Durham		£109,670		£109,670
Newcastle College Group		£286,435		£0
North Tyneside Metropolitan Council			£149,764	£149,764
Northumberland Business Service Ltd.			£155,000	£155,000
PeoplePlus Group Ltd.	£497,520			£497,520
Profile Development & Training		£75,087		£75,087
Release Potential Limited			£299,970	£299,970
Skills North East	£97,224	£213,040		£310,264
The Cedarwood Trust			£382,000	£382,000
University Centre Quayside Ltd.		£299,828		£299,828
	<b>£2,235,363</b>	<b>£3,458,598</b>	<b>£1,221,954</b>	<b>£6,915,915</b>

<b>AEB Allocation for HVC &amp; SWAP</b>			
<b>UKPRN</b>	<b>Provider Name</b>	<b>HVC</b>	<b>SWAP</b>
10002638	Gateshead College	£21,708	£19,728
10053962	Newcastle College	£203,911	£208,584
10004714	North Tyneside Metropolitan Council		£59,511
10001475	Education Partnership (Northumberland Coll)	£56,398	£60,000
10004762	Northumberland County Council		£42,056
10006000	South Tyneside Council	£12,915	
10005999	Tyne Coast College	£125,000	£86,127
<b>Total</b>		<b>£419,932</b>	<b>£476,006</b>

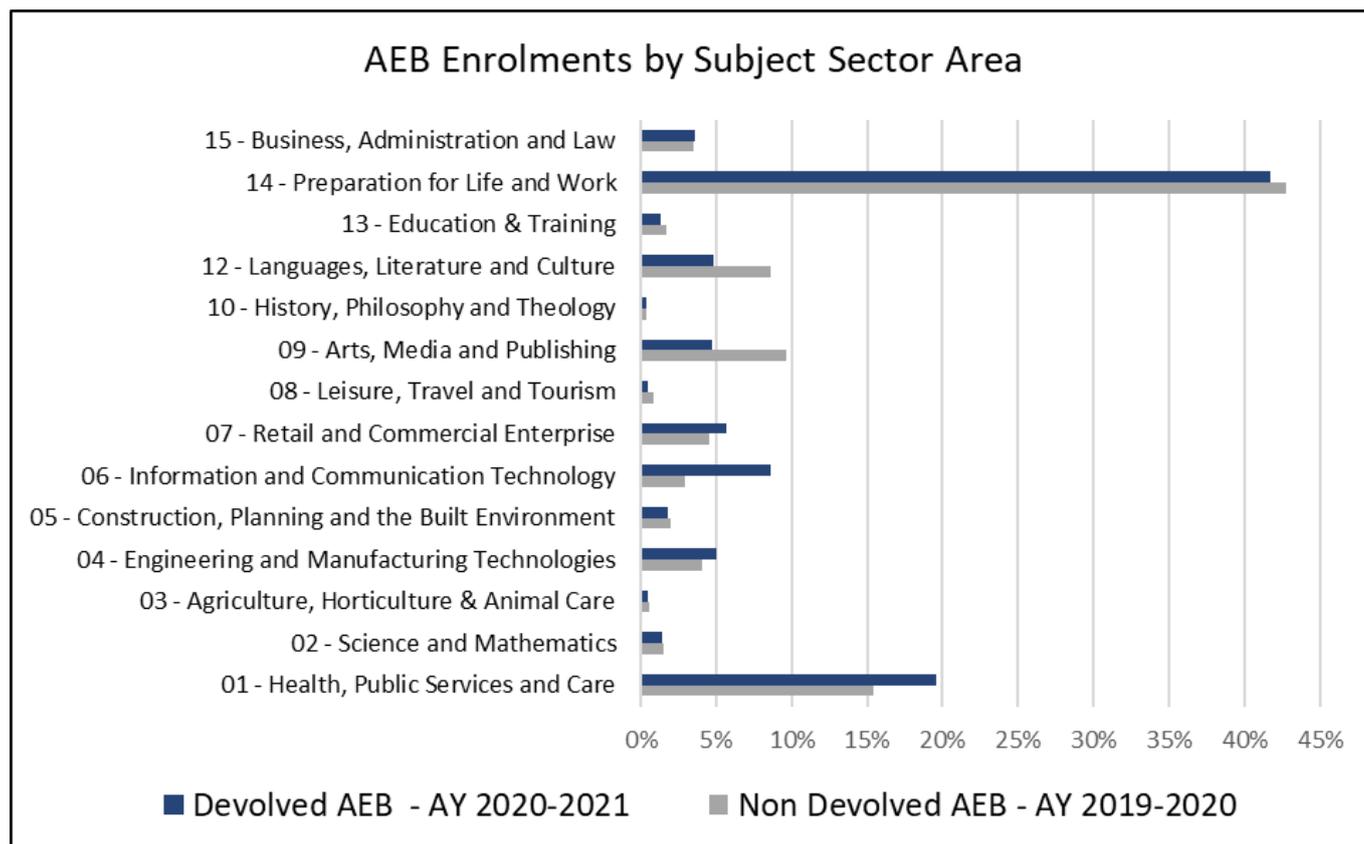
<b>Level 3 Adult Offer AY 2020-21</b>		
10000488	B-Skill Limited	£5,843
10002111	East Durham College	£336
10002638	Gateshead College	£27,856
10008935	Learning Curve Group Ltd.	£50,507
10004576	New College Durham	£134,297
10004599	Newcastle College Group	£26,160
10004714	North Tyneside Metropolitan Council	£1,608
10001475	Education Partnership (Northumberland College)	£57,889
10004601	Newcastle City Council	£15,575
10006000	South Tyneside Council	£20,677
10005999	Tyne Coast College	£20,000
10028094	Skills North East	£25,968
<b>Total L3 Funding Allocated</b>		<b>£386,716</b>

## Appendix 2 – AEB Enrolments by Subject Sector Area AY 2019-20 vs AY 2020-21

Chart 1 below illustrates comparisons of enrolment data by subject sector area between non devolved AEB in AY 20219-20 and devolved AEB in AY 2020-21.

Analysis of data at subject sector area level reveals increases in provision in Health, Public Services and Care, Engineering and Manufacturing Technologies, Information & Communication Technology and Retail and Commercial Enterprise (which incorporates warehousing and logistics). This data suggests that the NTCA provider base is beginning to ‘shift’ adult education provision towards priority and growth sectors identified in the NTCA Strategic Skills Plan.

**Chart 1**



This page is intentionally left blank

### Appendix 3 – Devolved AEB Providers and Funding Allocations AY 2021-22

Grant funded provider name	AEB Total Allocation AY 2021-22
Education Partnership (Northumberland College)	£1,318,313
Gateshead College	£642,594
Gateshead Council	£199,352
Newcastle City Council	£3,035,981
Newcastle College	£5,254,682
North Tyneside Metropolitan Council	£1,938,476
Northumberland County Council	£1,134,642
South Tyneside Council	£514,376
Tyne Coast College	£1,265,836
Workers Educational Association	£350,852
	<b>£15,655,104</b>

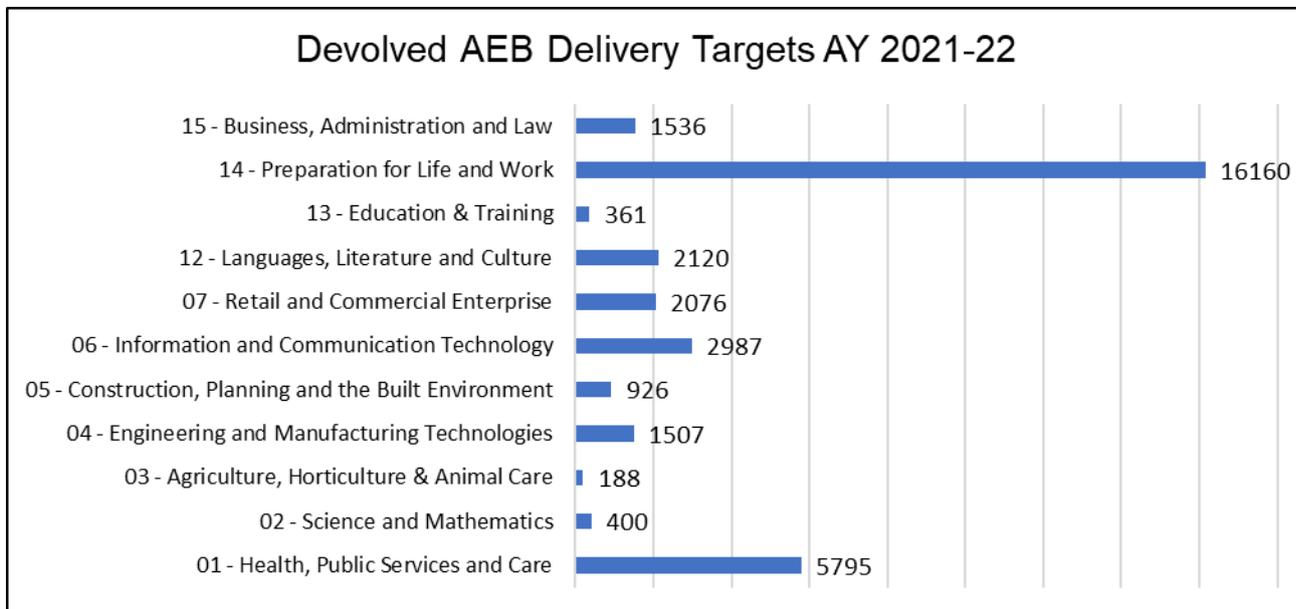
Procured Contract for Service provider name	AEB allocation AY 2021-22			
	Lot 1 Unemployed	Lot 2 Employed	Lot 3 Innovation	Total
Action Foundation			£85,000	£85,000
Back 2 Work	£149,820			£149,820
B-Skill Limited		£253,270		£253,270
CECOS Computing International Ltd.	£343,173	£497,394		£840,567
East 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
McCrory Training Limited		£495,200		£495,200
New College Durham		£99,700		£99,700
North Tyneside Metropolitan Council			£149,764	£149,764
Northumberland Business Service Ltd.			£155,000	£155,000
PeoplePlus Group Ltd.	£497,520			£497,520
Profile Development & Training		£75,087		£75,087
Release Potential Limited			£299,970	£299,970
Skills North East	£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
Barnardos			£60,220	£60,220
	£2,235,363	£3,162,193	£1,252,954	<b>£6,650,510</b>

<b>Level 3 Adult Offer Allocations AY 2021-22</b>	
<b>Provider Name</b>	<b>Allocation</b>
B-Skill Limited	£82,642
East Durham College	£33,367
Education Partnership North East (Northumberland College)	£201,166
Gateshead College	£80,769
Learning Curve Group Ltd.	£130,692
New College Durham	£199,677
Newcastle City Council	£121,363
Newcastle College	£258,538
North Tyneside Metropolitan Council	£14,444
Profile Development & Training	£19,220
Skills North East	£82,000
South Tyneside Council	£32,696
Tyne Coast College	£120,850
<b>Totals</b>	<b>£1,377,424</b>

**Appendix 4 – Overview of devolved AEB delivery AY 2021-22**

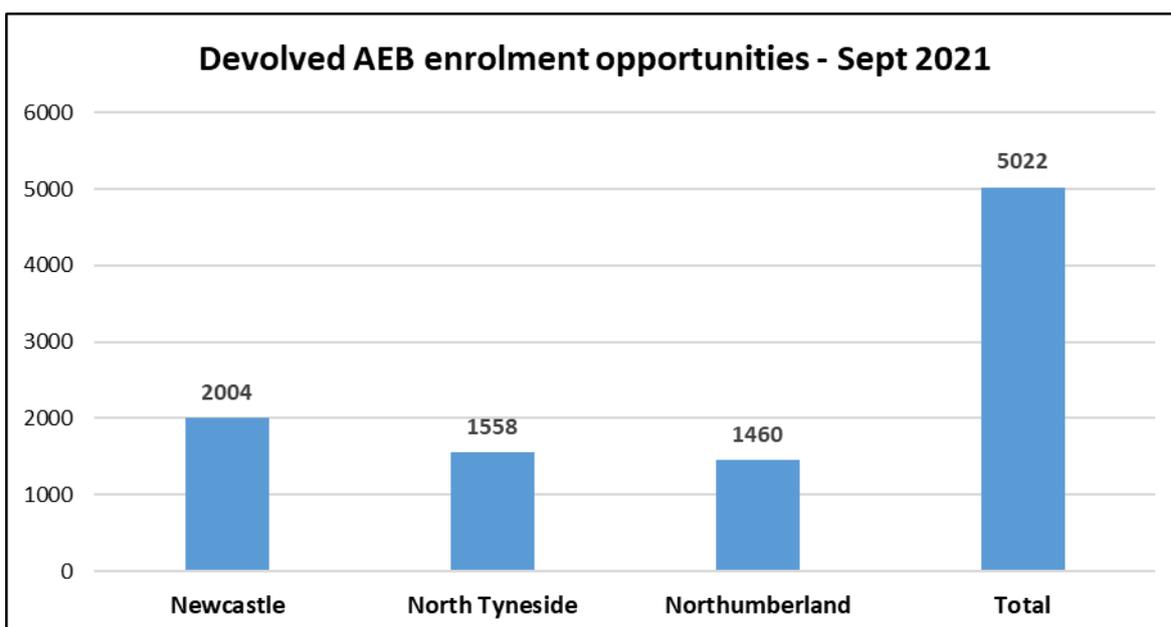
1.1 During AY 2021-22, NTCA providers will continue to establish a range of provision to support individual and employer needs across the NTCA region. Chart 1 below illustrates the delivery targets against subject sector areas which are set out in provider delivery plans.

**Chart 1**



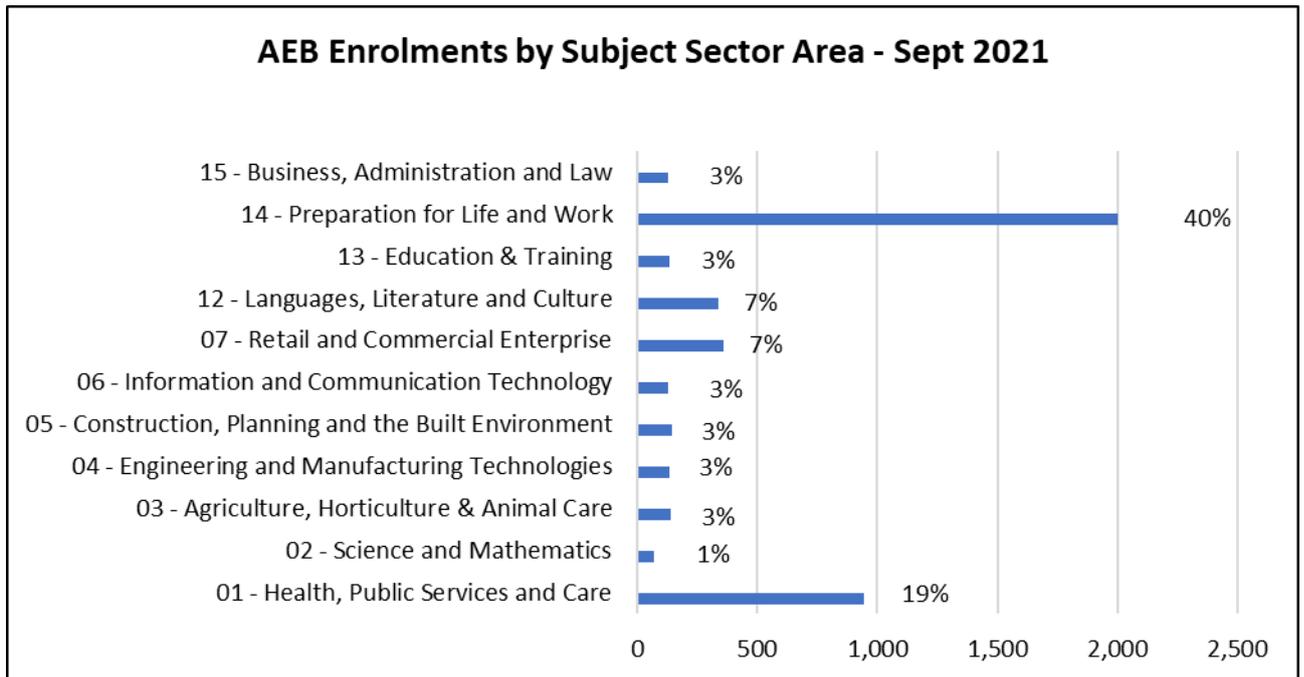
1.2 Over 5000 enrolment opportunities have started from 1<sup>st</sup> August 2021, with over 150 delivered as part of the Level 3 Adult Offer. Chart 2 below illustrates enrolments by Local Authority District to 4<sup>th</sup> September 2021.

**Chart 2**



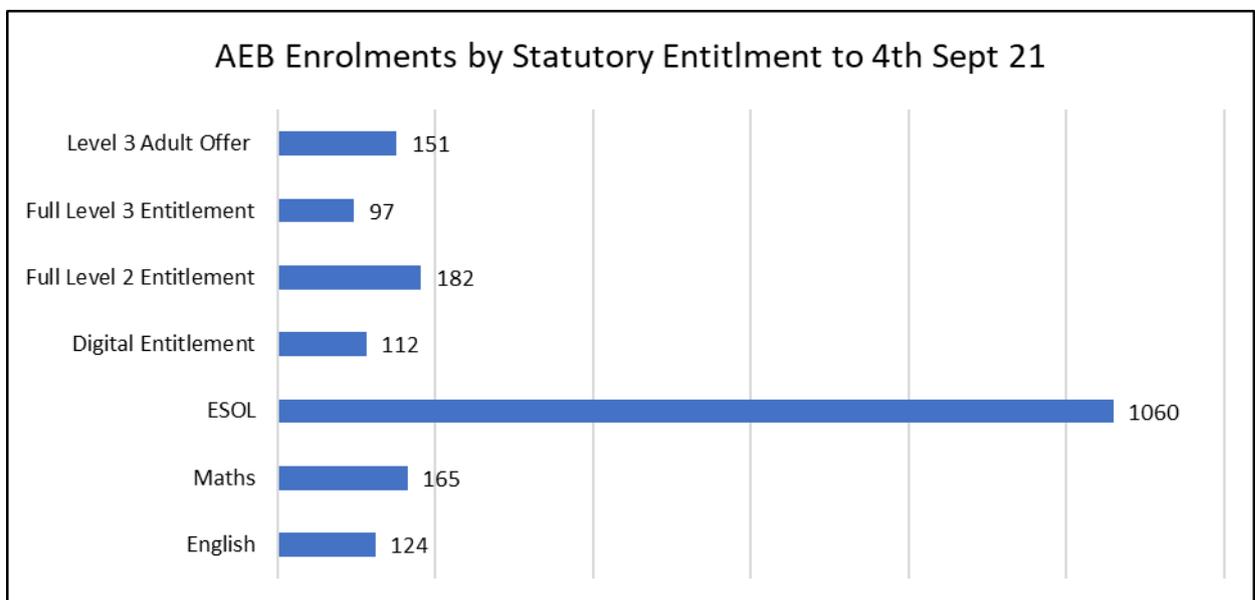
1.3 Chart 3 below illustrates the proportion of enrolment opportunities by subject sector area to 4<sup>th</sup> September 2021.

**Chart 3**



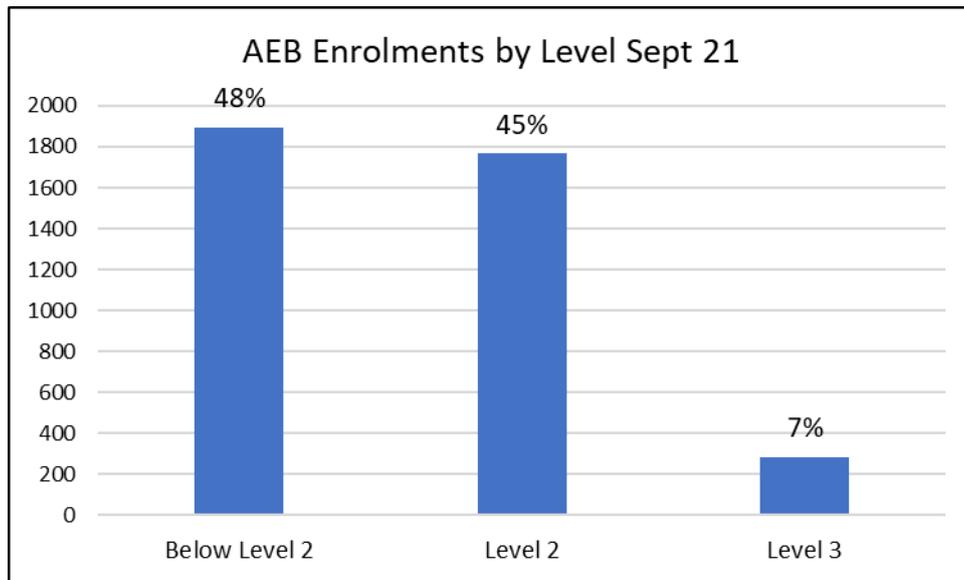
1.4 Chart 4 below illustrates the number of enrolment opportunities related to statutory entitlements. Providers are making good progress with the Level 3 Adult Offer with over 150 qualifications under this entitlement started since 1<sup>st</sup> August 2021.

**Chart 4**



1.5 Chart 5 below illustrates the level of enrolment opportunities started since 1<sup>st</sup> August 2021. To 4<sup>th</sup> September 2021 over 52% of activity is at Level 2 and above.

**Chart 5**



1.6 Providers' AEB delivery is monitored at quarterly performance management meetings throughout the year. Quarter 1 data will be analysed to compare starts from August 2021 with the number of starts for this period in the previous academic year. This analysis will provide some insight into whether COVID-19 is continuing to affect engagement with AEB provision and whether further flexibilities to support enrolments will be required.

1.7 The new Level 3 Adult Offer will also be closely monitored to ensure funding delegated to NTCA for this delivery is utilised in full and NTCA residents without a full level 3 offer are accessing this new entitlement.

This page is intentionally left blank

## Appendix 5 – Provider case studies

### Action Foundation

Action Foundation, a North of Tyne based charity, funded through NTCA's procured AEB Innovation Lot, work in partnership with mainstream and community-based English for Speakers of Other Languages (ESOL) providers, to deliver an **ESOL Co-ordination, Enrolment, and Advice Service (CEAS)**. This service has been developed to tackle and resolve perceived obstacles to accessing ESOL tuition and have a clear focus on 'hard to reach' vulnerable groups and individuals who struggle to navigate and engage in the current learning offers available.

#### Case Study

Azza is a Sudanese woman with refugee status who moved to Newcastle after fleeing violence and conflict in Darfur; she has two children under five. Azza attends Newcastle college to study ESOL, however she had been unable to study due to a lack of device to access the online learning materials. Furthermore, the lack of internet access also hindered her ability to seek volunteer opportunities.

Action Foundation were able to provide Azza with training and a tablet and data which meant that she was able to continue her English studies and develop her English language skills even when while classes were suspended during lockdown. Azza progressed with her research into volunteering opportunities and now feels confident to begin when her youngest child starts attending nursery. An added benefit has been that Azza has been able to video call with her family which has reduced her isolation and she also been able to access educational apps and videos to entertain her children.

### Back 2 Work Complete Training

Back 2 Work Complete Training secured an NTCA AEB Contract for Service to deliver vocational skills for employment. The *Vocational Skills* are divided over four routeways:

- Care: Level 1 Award in Skills for Health and Social Care, providing the core understanding and skills for anyone wishing to work in the care sector.
- Construction: Level 1 Award in Health and Safety in a Construction Environment, with Level 1 units Understanding the Construction Industry and Construction Practice. This qualifies learners to receive a CSCS card (funded by B2W) and ensures a base-level understanding of the industry required to gain entry-level employment.
- Supply Chain: Learning plans will include up to 2 units that reflect requirements of the available vacancies. Available units include: Pick Goods in Logistics Operations; Process Orders for Customers in Logistics Operations; Moving and/or Handling Goods in Logistics Operations; Principles of Food Safety in Logistics; Receive Goods in Logistics Operations; Operate Equipment to Perform Work Requirements in Logistics Operations.
- Retail: Level 1 Award in Retail Knowledge. The qualification covers occupations and customer service in the retail sector, sales, stock control, and health and safety. This short course provides foundation-level knowledge for anyone looking to secure employment in retail.

Quote from learner:

*"Back 2 Work Complete Training absolutely pulled me out of a horrible place and opened so many doors for me. Massively appreciated!"*

#### Did you find employment upon course completion? & how are you finding employment

*"Yes, H-Vac installation all over the UK"*

## First Limited

First Limited secured an AEB contract in NTCA's Innovation Lot and offer a selection of niche support and engagement programmes to equip learners with the knowledge, entrepreneurial skills and tool kits they need for self-employment or become employed by businesses.

### Case Study

- As a result of attending the Understanding Enterprise course with FIRST, Alex has moved off sickness benefit and is now running her own business [ALT Beauty](#). She has gone from strength to strength and the course gave her the confidence to get back into work after a long period of mental health challenges and she is now thriving as a self-employed entrepreneur. She has undertaken further sector specific training and is now able to offer a full range of beauty treatments.
- Mark Wong is the founder of [Impossbrew](#), a healthy, relaxing alternative to alcohol free beer. After completing the Level1 award in Understanding Enterprise with FIRST, Mark was able to commercially launch his product and is now an up-and-coming entrepreneur of the future.

## Newcastle College

Newcastle College have a Grant Funding Agreement with NTCA to deliver devolved AEB. They deliver a range of vocational qualifications including: Diplomas in Health & Social Care, Diplomas in Engineering, Vehicle Repair, Electrical Installations. The College also deliver statutory entitlements in Maths/English/ESOL, Level 2 and Level 3 entitlements for young people and the Level 3 Adult Offer.

### Case Study

David joined the NHS Academy at Newcastle College in November last academic year 20-21. After suffering a brain injury during his GCSEs, David struggled at University and felt frustrated with continuous knock backs in his employment search. David is a committed learner and wanted a vocation he could progress in and value. He took advantage of every available opportunity in terms of additional tutorials and practical advice. His personal tutor Danny helped him to see the value in his past experience in terms of the NHS role. Without the requisite Maths grade, David learnt how to map the statistical element of his previous studies to the person specification in order to demonstrate his suitability to the NHS, all employability strategies he had been unaware of previously. His dedication paid off and David was successful in achieving employment with the NHS as a Healthcare assistant upon successful completion of his course.

## North Tyneside Council Employability & Skills Service

North Tyneside Council have a Grant Funding Agreement with NTCA to deliver devolved AEB. They deliver a range of provision including statutory entitlements in Maths/English/Digital and vocational programmes such as Supporting Teaching & Learning in Schools. North Tyneside Council successfully delivered Sector Based Work Academy Programmes (SWAPs) for the Care sector and Catering Sector during AY 2020-21.

North Tyneside Council supported over 170 residents into employment through their AEB delivery:

*19yr old Leah attended a Catering sector-based work academy programme in September 2020 and the following month was employed on as an apprentice with Sizzler Inns.*

*After attending a Get Into Healthcare programme, created in November 2020 to support NHS Lighthouse recruitment, James was employed as a Laboratory Assistant.*

*Following 8 months of furlough, Lisa was made redundant as the North East moved back into lock down. In March 2021, she enrolled onto our Digital Skills for Work programme to support her IT skills and build confidence. During the course, she successfully secured a position with Greggs to start following programme completion.*

*Leanne signed up to our first Social Care SWAP completing the programme virtually due to the extended restrictions in Feb 2021 and following completion of her Level 2 Certificate she immediately secured full-time employment as a Care Worker.*

## Release Potential

Release Potential funded through NTCA's AEB Innovation Lot provide a 'return to work' programme in Northumberland. Residents' confidence and teamwork skills are built on the programme through the use of film. Learners produce a live thirty-minute magazine style television show. Supported by tutors and industry professionals, learners are introduced to studio practices and trained in using broadcast quality digital equipment. Each learner takes on a specific role including technical; research; reporting; presenting; set production; sound; lighting' and photography. This places learners outside their comfort zones and builds confidence and resilience. Live recording of the show takes place at the end of the second day with an invited studio audience including employees from the Department of Work and Pensions (DWP) and potential employers.

Release Potential have supported over 50 residents to gain employment during AY 2020-21

Quote from Simone Kelly, Support Worker for Exemplar Healthcare, a service providing care and rehabilitation for adults with a diverse set of needs.

*The course with Release Potential has not only helped me academically but also mentally as I now understand myself a lot more than I did, and I think that is an important thing as I can't work on helping other people if I haven't worked on myself first! Within 12 months I can apply to do a nursing associate aiming to work her way.*

Simone emphasises she is 'thankful' to Release Potential for 'giving' her the 'chance she needed' in a year stricken with chances seemingly far and few.

## University Centre Quayside

University Centre Quayside (UCQ) secured an NTCA AEB Contract for Service for Lot 2 which focusses on supporting employed residents. UCQ offer vocational programmes in health & care and manufacturing/engineering subjects (at Levels 1 and 2), and maths, English and Digital skills (at levels Entry Level 3 to Level 2) to support employers and their employees. UCQ currently deliver workforce skills provision in the NCTA area and provide an effective employer journey that is designed to engage employers, assess their needs and to devise effective and efficient training solutions to provide a positive impact for both the organisation and their employees.

### Case Study

*Danny attended the Essential Skills for Manufacturing course at UCQ whilst working part-time on a low wage on a temporary contract. He has subsequently gained full time employment in a highly paid job, working offshore, utilising the skills he gained on the course.*

**Subject:** Future High Streets Challenge  
**Joint report of:** Director of Regeneration North Tyneside Council and  
Chief Economist NTCA  
**Portfolio:** Housing, Land and Development

---

### Report Summary

The North of Tyne Future High Street Challenge will unlock future investment to support the transformation of three of our historic town centres and high streets. The precise approach will vary by town/high street, but outcomes are expected to include an agreed vision; proposals to support the repurposing of empty spaces; an agreed approach to ongoing partnership, engagement and leadership; and the development of a long-term investment programme. The Challenge will draw upon a substantial evidence base about the challenges facing high streets and potential solutions – blended with a programme of credible engagement and co-production with citizens and communities.

Specifically, the 'North of Tyne Future High Streets Challenge' will involve:

1. **Community Engagement.** A North of Tyne 'Future High Streets Challenge' engagement programme – actively involving citizens in the future of their high streets.
2. **Visioning and Market Analysis** Visioning work to inform how the High Streets can evolve and diversify their offer to meet future markets and consumer trends.
3. **Exploring new delivery models** This could include community ownership models to repurpose existing empty spaces and the potential use of devolved powers - e.g. Mayoral Development Corporations.
4. **Branding and Visibility.** Showing our collective commitment to high street and town centre renewal through the development of campaigns and specific interventions within each local authority area.
5. **Leadership** Facilitate partners to come together to oversee delivery, drawing from best practice and using the evidence base generated by the Challenge to inform longer term investment opportunities.

Cabinet is asked to allocate a ring-fenced 'Future High Streets Challenge' technical capacity fund of up to £500,000 to support this work.

### Recommendations

The Cabinet is recommended to:

- 1) Support the development and launch of the North of Tyne Future High Street Challenge, which will work with partners and local communities to develop new ways of working and unlock investment to transform our historic town centres and high streets.
- 2) Agree an allocation of up to £500,000 from the North of Tyne Investment Fund to establish a Technical Capacity Fund, subject to the development of a business case, to support this work; and
- 3) Authorise the Managing Director, in consultation with the Investment Panel, the Mayor and the Cabinet Member for Housing, Land and Development, to consider and approve the business case for the technical capacity fund and authorise the Managing Director to agree how the Fund is deployed and how the next steps of this project are brought forward.

## 1. Background Information, Proposals and Timetable for Implementation

1.1 The UK's high streets and town centres have undergone dramatic change over recent decades - many in line with the shifting ways in which we live, work, shop and socialise. COVID-19 has further intensified some of these trends including:

- *Declining footfall and a struggling retail sector* - fewer people shopping and many retail outlets struggling to survive, leading to a consequential shift in the way our high streets look and feel;
- *The growth of online and 'out of town' alternatives* - more people using shopping centres, online shopping (now around 20% of sales) and a de-linking of 'experience' and retail
- *Shifting expectations of places through generations* - such that we need and expect different things (Apple Store 'town squares'). There is increasing emphasis on the town centre experience. Whilst centres may continue to be underpinned by a more focused or bespoke retailing offer, there is increasing customer/visitor expectation around leisure and culture uses which provide an enhanced 'experience'.
- *Financial challenges for local authorities and places* - which has made it difficult to improve public realm and proactively invest in transformation
- *Financial challenges for businesses* - including business rates and post-pandemic trading challenges
- *COVID-19 safety and citizen wellbeing* - which poses cost and adaptation challenges, but also creates a real opportunity (and is already re-shaping patterns of footfall between cities and towns)
- *The increasing need to 're-think' the functionality of our towns* - and to create outdoor spaces to host events and activities safely that bring variety to an expanded town centre offer but also provide the drama/theatre for the visitor experience.

1.2 Much work has been done over the last decade to articulate what can be done to revive our high streets and town centres. These are summarised well within two reviews by Bill Grimsey (2013 and 2018), and further developed in the recent Government strategy: Building Back Better High Streets. We have also seen substantial funding targeted at towns (Towns Fund), and capital funding for physical and public realm (Get Britain Building Fund, High Streets Fund and Levelling Up Fund). We have seen some places bucking the trend (from Stroud to Stockton on Tees), and Greater Manchester Combined Authority using its devolved powers to create a Mayoral Development Corporation in Stockport.

1.3 Much of this emerging evidence and practice points to the following critical factors - all of which we have some levers to positively influence our partners:

- *Leadership and policy clarity* - developing 'business like' plans, sharp governance, strong collaboration and cross-sector partnerships which can deliver change
- *A rounded offer* - recognising that high streets are not just about shopping; and therefore, future plans need to blend retail, community and public sector hubs, culture, leisure, digital and public realm.
- *Innovation and creativity* - both in 're-thinking' the meaning of high streets, but also in the development of new financial vehicles and bold investments

- *A mix of funding* - blending revenue and capital and enabling early development work and master planning to unlock longer term regeneration.
- *New uses for buildings and spaces* - a particular focus of the Government strategy; and especially relevant to generating new footfall to support post-pandemic recovery
- *A focus on entrepreneurial thinking and working* - including creating new spaces for start-ups and clusters of businesses, and new business and management models for our assets
- *Better joining up local supply with local demand across our economy* - including in the foundational everyday parts of the economy such as food and drink, hospitality, retail and leisure.
- *Community ownership* – communities taking on the ownership of assets and amenities to deliver services that meet their needs, creating sustainable solutions.
- *Tackling the climate emergency* - proactively working towards low carbon high street buildings, supply chains and transport routes, and ensuring our high streets are accessible by walking, cycling, and public transport.
- *Town centre living* - including the densification of town centre housing and attracting new residents to our centres where they can help support local shops and services.
- *Town centre management* - Establishing clear plans for the ongoing management of our places and spaces to ensure the offer remains vibrant and resonates with residents and visitors.

1.4 We are already substantially involved in efforts across our authorities to improve town centres and high streets. This includes:

- *Business Case Development Funding* which has enabled the development of place and regeneration plans - for example the North Shields Masterplan and Newcastle City Centre recovery plan
- *Covid Response and Recovery Funding* - with a substantial component of our £15m fund allocated to 'place recovery' and support for businesses across our towns and city.
- *Brownfield Housing Fund* - a £24m fund which is helping to accelerate key sites within our towns and neighbourhoods, such as Blyth, North Shields, Scotswood and Bellingham.
- *Community Hubs Investment Fund* - with a £1.5m pilot supporting three innovative community hub pilots (focused on social innovation and entrepreneurship) in each local authority area.
- *Digital Infrastructure and 5G Programme* – a circa £10m programme which is already connecting key public sector sites in Northumberland and will focus on expanding wireless connectivity across our towns and key innovation assets.
- *Culture and Creative Zones* - a bold programme of innovation and investment (at prospectus & planning stage - delivery from financial year 2022/23) which will develop distinct place-based plans within each Local Authority area
- *North of Tyne Tourism and Events Programme* - £3.5m programme of events and tourism product development which is drawing people back into town and city centres.

1.5 These are all significant interventions and investments, however, to provide further momentum to this work we are proposing to establish 'North of Tyne Future High Streets Challenge' - which has the following components:

1. **Community Engagement.** A North of Tyne 'Future High Streets Challenge' engagement programme - involving citizens in the future of their high streets. Exploring ways in which the community can take the lead on providing services and amenities for their communities and unlock alternative funding streams including social investment and using crowdfunding platforms such as Spacehive.
2. **Visioning and Market Analysis** Visioning work to inform how the High Streets can evolve and diversify their offer to meet future markets and consumer trends.
3. **Exploring new delivery models** These could include community ownership models such as developing Community Trusts to repurpose existing empty spaces for alternative use and the potential use of devolved powers as has happened in Stockport - e.g., Mayoral Development Corporations.
4. **Branding and Visibility.** Showing our collective commitment to high street and town centre renewal through the development of campaigns and specific interventions within each local authority area.
5. **Leadership** Facilitate partnerships with representation from different sectors to come together to oversee delivery, drawing from best practice and using the evidence base generated by the Challenge to inform longer term investment opportunities.

- 1.6 The Future High Streets Challenge will target specific High Streets in the North of Tyne Area. Working with the Local Authorities, the priority will be given to those High Streets/Town Centres where the challenge has the potential to make the most impact, unlock new models of delivery, have active and engaged organisations who are interested in the long-term regeneration of their High Streets and can attract other investment.
- 1.7 The immediate next step will involve working with the Local Authorities to finalise the details of the Challenge, including prioritising the high streets to benefit from this initiative. Working collaboratively, we will define specific challenge activities and priorities for each of the high streets. This scoping work will also identify the scale and nature of existing local leadership and how best to commission additional engagement activity. Working with local partners, the next stage will include the development of an investment plan, through the activities highlighted above in section 1.5.
- 1.8 Cabinet is asked to allocate a ring-fenced 'Future High Streets' technical capacity fund of up to £500k to support this work. Following approval by Cabinet, the business case will be jointly produced with the Local Authorities and appraised, in consultation with the Mayor, Investment Panel, and the Housing and Land Board. Regular updates on the Future High Street Challenge will be reported to Cabinet and the Housing and Land Board.

## 2. **Potential Impact on Objectives**

- 2.1 We are clear that any successful approach will need to build on what already works within the region. We have great high streets, towns and places which are renowned for their character, history and cultural significance - from seaside tourist hotspots to fishing communities to towns with a rich industrial history. Our city centre is also already undergoing profound transformation - coping with the impacts of Covid and innovating in recovery. This work will strengthen the resilience of our high streets and ensure that they continue to meet the needs of their communities.
- 2.2 Through this work we will develop a set of metrics that can help us to define success. We need to recognise that different places will need different things; but there are some common things that everyone will want to achieve:
  - *Footfall.* A thriving environment with more people in our high streets and town centres - and we know this will require different reasons to be there, beyond just retail

- *Subjective wellbeing and experience* - we want people to enjoy our high streets and town centres, and feel proud of being a part in their renaissance
- *Levels of Engagement and Coproduction*. With young people at the heart - ensuring that the future of our places is shaped by those that will use them for years to come
- *Positive commercial and economic measures* - so that people want to invest, travel and spend time and money (and our LAs generate business rates) in our local places
- *Property and 'usage' measures* - showing how a shift from 'pure retail' to a more mixed model might work in practice

### **3. Key Risks**

Programme risks will be managed in line with agreed processes and individual project risks will be considered as part of the development process.

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

- 4.1 A total allocation of £500,000 is requested from the Investment Fund; a financial profile will be agreed as part of the delivery arrangements which will subsequently be considered by Investment Panel. Like other funding which has been approved by the Combined Authority, project spend will be validated and reported to Cabinet as part of the regular quarterly monitoring report.

### **5. Legal Implications**

- 5.1 The comments of the Monitoring Officer have been incorporated in this report.

### **6. Equalities Implications**

- 6.1 NTCA is mindful of its responsibilities under the Public Sector Equality Duty and through its work will continue to promote policies and decision making which eliminates discrimination, harassment and victimisation and fosters good relations between persons who share a relevant protected characteristic. NTCA also considers the implications for people from different socio-economic backgrounds/low pay.

### **7. Inclusive Economy Implications**

- 7.1 The activities proposed in this report are likely to positively enhance economic inclusion for residents in North of Tyne. It will do this by exploring how high streets which are essential for the provision of goods and services can diversify their offer so they become more sustainable and better meet the needs of their local communities. The High Street Fund Challenge will also explore new models of delivery such as community ownership which places more control and benefits into the hands of local people.

### **8. Climate Change Implications**

- 8.1 Climate change implications will be assessed on an individual project basis as part of the development process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority, particularly by supporting the transition to a clean growth future.

### **9. Consultation and Engagement**

- 9.1 In developing the proposals set out in this report, officers have undertaken dialogue with economic development experts, property professionals, voluntary and community sector organisations and those already involved in the schemes to revitalise High Streets elsewhere in the UK.

**10. Appendices**

None

**11. Background Papers**

None

**12. Contact Officers**

Vicky Cuthbertson, Housing and Land Manager.  
[vicky.cuthbertson@northoftyne-ca.gov.uk](mailto:vicky.cuthbertson@northoftyne-ca.gov.uk)

**13. Glossary**

N/A



**Subject: Investment Fund Update and Funding Approvals**  
**Report of: Chief Economist**  
**Portfolio: Economic Growth**

The purpose of this report is to update Cabinet on progress with the North of Tyne Investment Fund, including the launch of the NTCA's flagship Green New Deal Fund, progress of the Access to Finance programme and an increase in the NTCA Events programme, to further support the recovery:

- The **£18million Green New Deal Fund** will be launching on the 30 November, providing flexible and competitive finance to enable, accelerate and enhance viable low carbon projects across the NTCA area. The fund will catalyse investment in the green economy, stimulate innovation and support supply chain growth in areas ranging from energy efficiency to low carbon transport and natural capital.
- The **£15m Access to Finance** programme is progressing at pace, with the programme set to unlock significant investment and jobs in SMEs and socially traded organisations. Cabinet is asked to approve the objectives for the programme and to support the beginning of formal engagement with potential delivery partners.
- **£1million of additional funding for the NTCA Events programme**, to build on the strong pipeline of events for 2022 and to ensure that events continue to play a key role in supporting footfall and economic recovery in our communities.

These projects build on previous Investment Fund commitments of £76.72m, which are expected to either create or safeguard more than 7,000 jobs and attract over £250m of private sector co-investment.

### Recommendations

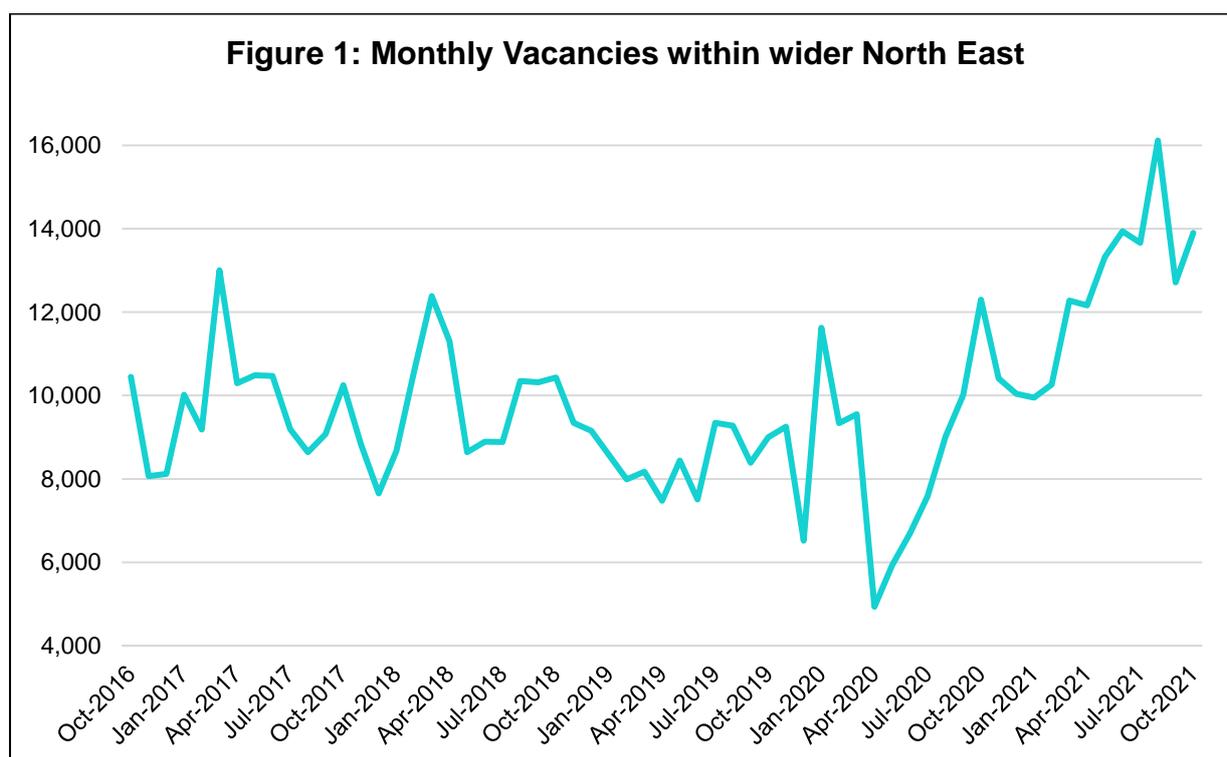
Cabinet is recommended to:

1. Note progress to date on the Investment Fund, achievement of key milestones and ongoing development work, particularly in respect of the creation of new jobs for residents as a direct result of our investments.
2. Note the launch of the Green New Deal Fund.
3. Approve next steps for the £15m Access to Finance programme, including the objectives set out in this report and proposals to start formal engagement with potential delivery partners.
4. Approve additional funding of £1m for the North of Tyne Events Programme, to develop the pipeline for post 2023, establish an events' scale up programme and develop the existing pipeline to maintain pace. This would be implemented using the existing Events Programme arrangements.
5. Authorise the Managing Director to finalise the conditions to be attached to the above funding award and authorise the Interim Monitoring Officer to complete the necessary documentation.

## 1. Background Information, Proposals and Timetable for Implementation

### 1.1 Background Information

- 1.1.1 The UK economy is continuing to recover from the pandemic. The Office for Budget Responsibility has raised its forecast for growth this year from 4% to 6.5%. Stronger than expected growth has improved the public finances relative to expectations, with the Chancellor having increased public spending in the recent Autumn Budget and Spending Review. Wages are also increasing, although consumers' spending power is expected to be held back by both increases in taxes to fund health and social care and relatively high inflation.
- 1.1.2 Recent data for the North of Tyne also show welcome signs of recovery. The benefit claimant count has fallen significantly over the past 6 months – from 6.6% to 5.2% - equivalent to 7000 fewer residents being out of work. And average footfall to retail and recreation sites across the NTCA area has now risen back to pre-COVID levels. But variations in outcomes remain; for example, in Newcastle City Centre the leisure and night-time economy is recovering well although, as in other cities, retail footfall is below pre-pandemic levels.
- 1.1.3 Employers point to the constraints on recovery posed by skill shortages. Vacancies are currently running well above their 'normal' levels (Figure 1) in a range of sectors, including health & social care, education, manufacturing and retail & hospitality. An accompanying report on this Cabinet Agenda highlights that the Combined Authority has supported 25,400 skills enrolment opportunities during the current academic year and identifies priorities for next financial year to continue to meet the needs of our residents and employers.



Source: Burning Glass

- 1.1.4 Against this backdrop, the North of Tyne continues to invest to support the economic recovery, alongside the wider opportunities articulated in the Devolution Deal and the Corporate Plan. In total, investments by the NTCA so far are forecast to have created or safeguarded over 7000 jobs. Since the last Cabinet meeting, the NTCA has received a strong response from potential providers

of its 'Skills for Growth Programme' – with projects currently being appraised which would support low carbon, digital, and culture & creative skills. We also welcomed the arrival of Monstarlab to Newcastle, supported by the NTCA's Inward Investment Fund, and the creation of 96 new jobs. The Good Work Pledge is gaining good traction with 36 organisations now signed up and a further 17 applications in progress.

1.1.5 This report highlights the launch of our Green New Deal Fund, identifies the next steps in our programme to improve access to finance for SMEs and Socially Trading Organisations and recommends an increase in funding for our Events Programme.

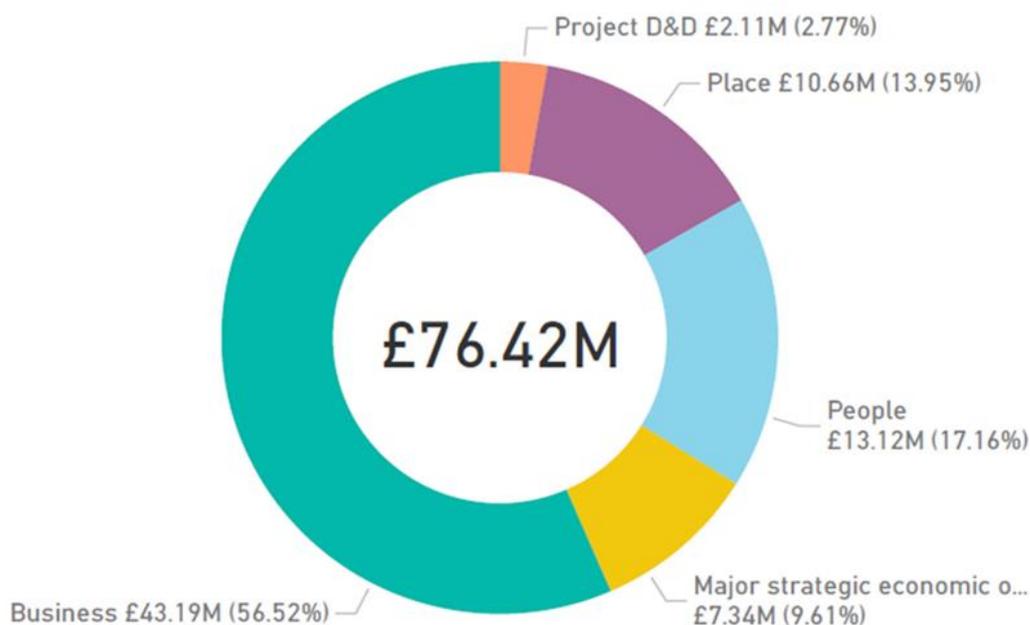
## 1.2 Investment Fund progress to date

1.2.1 Delivery of the Investment Fund Programme continues, with 88 projects now approved. Total contracted spend is £76.42m (Figure 2) on projects which will create or safeguard over 7000 jobs. Further projects are expected in the next few months including around skills, housing, film & TV and inward investment.

1.2.2 To date, the Combined Authority has achieved:

- A contracted spend of £76.42m against 88 investment fund projects – out of a total programme value of £90m to March 2023
- In addition, 5 housing projects have been approved, with a total value of £11.14m out of the £23.85m fund.
- Together, these projects will attract £255m of private sector leverage and are forecast to deliver 4340 new jobs with a further 2679 safeguarded.
- Of these, the first 575 new jobs have been confirmed as created as a direct result of NTCA investment; in addition, 1773 have been confirmed as safeguarded.

**Figure 2: Investment Fund commitments to date**



### **1.3 Green Growth**

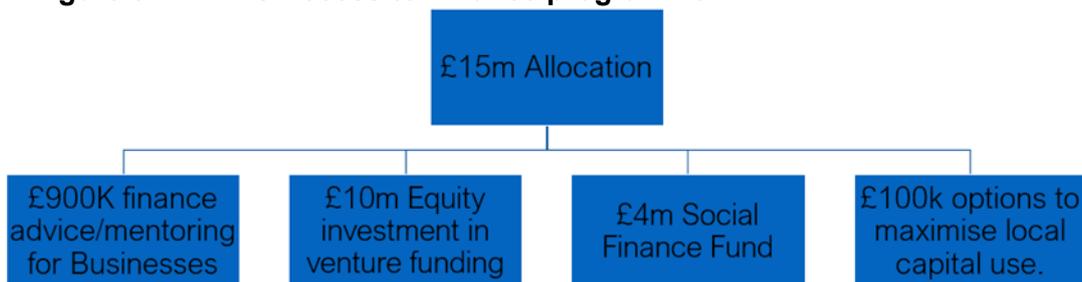
- 1.3.1 The scale of the challenge of decarbonising the economy, and the opportunities associated with Green Growth, were discussed by Cabinet at its last meeting. The Combined Authority is working closely with partners to create the conditions for low carbon innovation across industries and public services, and to stimulate the market to create new jobs; there is an opportunity for the region to take a real lead in an area that will be fundamental to future national growth, recovery, and the achievement of net zero.
- 1.3.2 The current Cabinet meeting is taking place on the same day as the scheduled launch of the NTCA's Green New Deal Fund. With £9m of NTCA investment, the fund will invest up to £18 million in both low carbon infrastructure and directly into SMEs to support business growth and innovation. This ground-breaking approach will tackle carbon emissions whilst delivering inclusive economic growth. By providing flexible and competitive finance, the fund will catalyse investment in green growth, stimulate innovation and support supply chain growth in the areas of heat decarbonisation, energy efficiency, small scale renewable energy generation and local energy systems, low carbon transport and natural capital.
- 1.3.3 Specifically, it will:
- invest in a wide range of technologies and projects which will create jobs and deliver carbon and energy savings to the public and private sectors.
  - provide technical and investment support to project sponsors to ensure viable projects are brought forward for investment. This support will be aligned with support brought forward through the North East Energy for Growth Accelerator programme.
  - fund up to 50% of the capital cost of a project or provide 50% of any growth funding to an SME.
  - predominantly provide loans and equity. Grants can only be accessed by the most innovative projects where a commercial business case cannot currently be delivered.
  - create hundreds of jobs and save over 3,000 tonnes of CO<sub>2</sub>, as well as supporting renewable energy generation & improved energy efficiency
  - create high skilled opportunities by delivering innovative projects across growing sectors.
- 1.3.4 The Fund will be delivered in partnership with Amber Infrastructure, a leading specialist infrastructure investment fund manager with a particular focus and proven track record in the low carbon market, having already deployed over £270 million into innovative low carbon infrastructure projects in the UK. The NTCA Green New Deal Limited Partnership will be formed as an English Limited Partnership under the Limited Partnerships Act 1907 and the Combined Authority will invest into the Partnership alongside Amber Infrastructure Ltd. The Partnership will be governed by the Limited Partnership Agreement ("LPA") which has been agreed between all partners. The LPA sets out the matters agreed between the limited partnership members in relation to the internal workings of the partnership.
- 1.3.5 A Green New Deal Fund Panel has been established to provide oversight for the delivery of the fund and ensure that it aligns to regional priorities, whilst remaining responsive to challenges and opportunities over the lifetime of the programme. The first Panel Meeting has approved the governance and operation policies of the GNDF, including the Investment Policy which will direct final recommendations for funding approvals under the fund. In order to maintain the limited liability of the Authority, and as long as an investment is in accordance with the Investment Policy, the final decision as to investment lies with the private sector General Partner following consultation with the Fund Panel. Any investment proposed not in accordance with the Investment Policy could only be made subject to further approvals from both Partners.

### **1.4 Improving access to finance**

- 1.4.1 In September, Cabinet approved an overall allocation of £15m to support improved 'access to finance' for a range of organisations (Figure 3). The scale of the allocation and range of investments reflects the importance of addressing multiple barriers – which are holding back

business growth, economic renewal and innovation – and the opportunity for the NTCA to play a key role in helping stimulate solutions.

**Figure 3: NTCA's Access to Finance programme**



1.4.2 Since September, further engagement with the market has been undertaken to inform the development of detailed objectives and next steps. In addition to supporting social enterprises and cooperatives, our social finance fund will extend to businesses with other operating models which are trading for social purpose, including in sectors such as community energy, care and support services.

1.4.3 Investment Panel met on 16<sup>th</sup> November and proposed the following detailed objectives for the four elements of the programme:

*i. Intermediary Support, Investor Readiness and Mentoring for Businesses (£900k)*

- Improve coordination of the local financial ecosystem to maximise take-up of the existing finance on offer
- Improve investor readiness of local businesses, start-ups and scale-ups
- Improve businesses awareness of the financial products available (both public and private)
- Explore potential for businesses to make a financial contribution (match)
- Use knowledge from this activity to build capacity and understanding of longer-term business finance needs and ecosystem effectiveness.

*ii. Equity Investment in Venture Funding (£10m)*

- Contribute to closing regional equity gap
- Stimulate innovation and business growth
- Leverage private sector co-investment against NTCA resources – minimising time to mobilisation and maximising fit with existing regional funds and any successor arrangements
- Complement existing public and private funds and /or stimulate new entrants
- Build on experience of our Green New Deal fund – expanding our equity offer across different sectors and deal sizes, where there is clearly identified need and demand.

*iii. Social Finance Fund and Accelerator (£4m)*

- Grow the number of Socially Trading Organisations with trading activity in the NTCA area.
- Help existing STOs to increase their sustainability, both in financial and social impact terms.
- Make finance available to support STOs in a way suitable to specific structures/models

*iv. Maximising Local Capital Use (£100k, feasibility)*

- Improve retention and recycling of local capital
- Improve the resilience of local funds to changes in national and international capital availability
- Create direct linkages between local capital and local growth
- Creation/evolution of a regional fund open to broader suite of investors.

- 1.4.4 In addition to seeking endorsement of these objectives, Cabinet is asked to approve the commencement of formal engagement with the market to identify viable delivery partners for the Intermediary Support and Equity Investment programmes, and to work with external partners to undertake a baseline assessment of demand from Socially Trading Organisations. This process will enable the NTCA to test both value for money and short-term delivery of propositions – with a view to Investment Panel inviting organisations to submit full business cases early next year.

## **1.5 North of Tyne Events Programme**

- 1.5.1 The North of Tyne Tourism and Events programme is designed to secure benefits through investment in a programme of high quality cultural and sporting events which are capable of achieving national and international profile, and which will attract a significant number of people to the area throughout the year. The programme is also intended to support the development and launch of new tourism products, designed to attract new visitors to the North of Tyne from elsewhere in the UK and overseas.
- 1.5.2 In October, NTCA provided £36,000 of funding to support the ‘North Sea Weekender’ event in North Tyneside, which provided a long weekend of participatory, competitive and spectator activities aimed at extending the visitor season. The event was a major success, with over 500 competitors and 20,000 spectators – creating significant social-media reach, together with front page coverage in the Sunday Times.
- 1.5.3 Looking forward, the NTCA Events Programme will play a major role supporting a diverse and high-profile events programme next year, which will support the existing offer, bring new visitors to the region and raise the profile of the area. Hadrian's Wall 1900 celebrations will provide opportunities for everyone to celebrate and find their connection to the World Heritage Site on its 1900th anniversary. The Winter Festival will provide a series of installations in public realm spaces, with a strong community participation component – telling North of Tyne stories. The return of the Lindisfarne Gospels to the North East creates the opportunity to truly celebrate the Gospels and explore their significance to the region and 21st century society. While the NTCA will support the development of an ambitious, inclusive, multi-disciplinary festival for the Rugby League World Cup Festival, which will see players across multiple age, ability, experience categories take part in a weekend of sport.
- 1.5.4 Cabinet has previously agreed a £2.28m budget for a 3-year initial programme of events, out of an indicative Tourism and Events allocation of £15m over 10 years. This programme is now fully committed and, following consideration of the proposal by Investment Panel in November, Cabinet is asked to approve additional funding of £1m to establish an event scale-up programme and to develop proposals on the existing pipeline to maintain pace. This would be implemented in accordance with the current procedures – with the Managing Director authorised to apply the allocated funding in line with the North of Tyne Tourism Programme business plan – as set out in the 28 July 2020 Delegated Decision.

## **2. Potential Impact on Objectives**

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

## **3. Key Risks**

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

#### 4. Financial and Other Resources Implications

- 4.1 This paper describes projects amounting to approximately £25million of NTCA funding. The financial implications of the Green New Deal Fund and Access to Finance programmes have been previously reported to Cabinet. However, this report also asks Cabinet to approve an additional £1m of funding for the Events programme, with funding scheduled as following:

<b>NTCA FUNDING</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
Tourism and Events Programme		£500,000	£500,000	£1,000,000

- 4.2 In July 2021, Cabinet approved allocations for four Digital Ecosystem projects. The figures attributed to the Dynamo Talent Engine project contained an error, stating that Investment Fund award of £354,075 was requested. The actual amount requested by the applicant and which had been through the appraisal process was £378,418. The Managing Director is able to authorise this difference in funding within the scheme of general delegations, but this change is being reported to Cabinet for completeness and information.

#### 5. Legal Implications

- 5.1 The Interim Monitoring Officer's comments have been included in this report.

#### 6. Equalities Implications

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

#### 7. Inclusive Economy Implications

- 7.1 The inclusive economy case is assessed on an individual project basis as part of the assessment process and is embedded within the Investment Fund criteria. The activity described within this report is considered to positively support the Inclusive economy priorities of the Combined Authority, particularly by supporting the development of a Poverty Truth Commission.

#### 8. Climate Change Implications

- 8.1 Climate change implications are assessed on an individual project basis as part of the assessment process. The activity described within this report is considered to positively support the climate change priorities of the Combined Authority, particularly by supporting the development of local supply chains.

#### 9. Consultation and Engagement

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

#### 10. Appendices

None

#### 11. Background Papers

None

**12. Contact Officers**

Rob Hamilton, Chief Economist  
[Rob.hamilton@northoftyne-ca.gov.uk](mailto:Rob.hamilton@northoftyne-ca.gov.uk)  
0191 277 8947

Chrisi Page, North of Tyne Investment Programme Manager  
[Chrisi.page@northoftyne-ca.gov.uk](mailto:Chrisi.page@northoftyne-ca.gov.uk)  
07977 51755

**13. Glossary**

NTCA	North of Tyne Combined Authority
SME	Small to Medium Enterprise
ONS	Office for National Statistics
LPA	Limited Partnership Agreement



**Subject:** Good Work Pledge – update and next steps  
**Report of:** Head of Inclusive Growth  
**Portfolio:** Education, Inclusion and Skills

### Report Summary

The Good Work Pledge (GWP) launched in November 2020. One year on, this report outlines how NTCA has worked creatively to raise the profile of Good Work in the last 12 months and highlights how officers are proactively raising awareness of the Pledge to the region's businesses and their associated networks. We also highlight the opportunities for future partnerships giving the GWP a collectively stronger voice.

Next steps for the GWP are also detailed in this report and include the creation of the 'Good Work Community' where businesses will have the opportunity to learn from each other.

There are opportunities to maximise and scale this flagship programme. By working collaboratively with partners and stakeholders we are sending a clear message about 'good work' and why it is so important to the future of our region.

The array of businesses and organisations that have already joined the scheme, 38 at the time of writing, is indicative of the overarching support for a GWP across the North of Tyne, asserting real confidence in the scheme's future longevity. From a modest beginning the vision for the GWP has quickly taken shape, it's gathering pace, impacting thousands of employees and becoming a force for good in the region.

### Recommendations

Cabinet is recommended to note the progress made by the Good Work Pledge scheme in Year 1 and endorse the plans for Year 2.

#### 1. Background Information, Proposals and Timetable for Implementation

##### Background Information

- 1.1 A key element of the North of Tyne Combined Authority's (NTCA) 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 well-being and a decent standard of living, helping to ensure that the North of Tyne area is productive and thriving.
- 1.2 The Covid-19 pandemic has caused unprecedented changes to our economy and has reshaped the way in which businesses and residents connect. Good Work is a central component of our economic recovery plan, enabling businesses and residents to mutually benefit from the growth and prosperity of the area. The Good Work Pledge (GWP) provides a platform to recognise best practice, new ways of working and collectively reimagine the opportunities for work in the North of Tyne.
- 1.3 NTCA has worked with employers and other key stakeholders to understand what 'good work' looks like and how we as a Combined Authority can share best practice, promote, and reward employers that share our vision for 'good work'. After seeking input from businesses of all types and sectors including expert input from national organisations, the GWP co-development was finalised at an event chaired by the North East Chamber of Commerce and Newcastle Building Society. The event was supported by businesses and organisation from across the region. The Good Work Pledge was launched by Mayor Driscoll and Cllr McCarty at an online event in November 2020, supported by Carnegie UK and Bernicia Housing Association.

- 1.4 The pledge consists of five areas, presented as 'pillars' that contain the criteria used to identify, promote, and grow good work practices in businesses and organisations of all sizes and sectors across the region.
- 1.5 Following its launch, a number of early adopters supported the scheme. These included but are not limited to Karbon Homes, Bernicia, Unisus, Rise NE and Meadow Well Connected.
- 1.6 In early 2021 NTCA committed to a staffing resource for the scheme as part of its aim to scale the pledge as a top priority. Since that time the scheme is heading towards an almost 300% increase in full awards given or applications in progress. The complete list of businesses that have received a full award can be viewed in Appendix 2.

### **Good Work Pledge Scaleup: Improving Systems**

- 1.7 It was clear from the outset that the scheme's success was dependent on the recognisability of the GWP brand, with its value and purpose clear. In addition, the application and awards process needed improvement to manage a scaled-up volume of applications. To address this, in summer 2021 software to manage applications was implemented and a Customer Relationship Management (CRM) system is currently being finalised.
- 1.8 The application management software is now well embedded. NTCA were the first organisation to be awarded the pledge under this system.

### **Good Work Pledge Promotion: Awareness Raising - Social Media**

- 1.9 To raise awareness of the GWP, NTCA utilised their existing social media channels to report on the scheme's progress to date. This social media communications campaign featured videos of representatives from 8 businesses talking about why they signed up to the pledge, including Linz Phillips, Vice President from Sage UK, a major local employer supporting the pledge. The campaign had a reach of 100,000 people.

### **Business News and Networks**

- 1.10 In addition to existing social media channels NTCA harnessed the power of the local business news channel B:Daily to raise the profile of the GWP within the region's business audience. NTCA produced a campaign that featured eye catching designs and slogans to raise further awareness of the scheme. The campaign received 827 views.

### **Business Events**

- 1.11 NTCA used its profile to further raise awareness of the GWP by sponsoring the North East Business Awards and the Dynamites Tech and IT Awards. These awards helped promote the GWP brand to a captive business audience by use of logos, an advert and an animation which featured on large screens at the event. Mayor Driscoll also presented a category award to one of the winners and made a short speech about the benefits of the GWP.

### **Good Work Pledge Promotion: Increasing Signups and Direct Engagement**

- 1.12 As awareness raising continues, NTCA now also steps-up direct engagement with businesses and organisations. Mayor Driscoll addressed an audience of circa 80 HR and Business Directors at a VIP breakfast event in Newcastle, the People Power Conference. This was an excellent opportunity to address business decision makers on the importance of the GWP and encourage participation in the scheme. GWP also exhibited at the event which gave opportunities to directly engage with the conference's participants.

### **Partnerships**

- 1.13 Partnership working is a vital part of the GWP success. It's important that the businesses and organisations that NTCA work with support our GWP initiative. Accordingly, business engagement with existing NTCA grant recipients and delivery partners is currently underway.
- 1.14 In addition to support from existing NTCA networks, NTCA is collaborating with the North East England Chamber of Commerce (NEECC), the Advisory, Conciliation and Arbitration Service (ACAS) and the Federation of Small Businesses (FSB). These contacts provide access to thousands of businesses and organisations contained in their memberships, not only are these a great resource for contacts but these partnerships also offer scope for future sharing of ongoing knowledge and resources.

### **Good Work Pledge: The Next Steps Evaluation and Feedback**

- 1.15 The activity mentioned throughout this report and the ongoing evaluation and feedback we are gathering from our marketing service providers, businesses and stakeholders provides NTCA with a live assessment of the GWP's progress so far. We are using this learning and insight to continue the scale up of the GWP and by growing the scheme membership to turn the tide on low paid, unreliable, and poor work.

### **A Good Work Community**

- 1.16 The future of the GWP is for it to become a community; an association for members that provides value, one that offers something in return for their support. In early 2022 the first 'Good Work Community' newsletter will be digitally published and sent to all members of the GWP. The newsletter will feature useful information, news, NTCA opportunities, and feature any new members. By the spring of 2022 the GWP will host its first networking event, a possible collaboration with partner organisations.

### **Developing 'Good Work' Partnerships**

- 1.17 In January 2022, the GWP will partner with the TUC's Better Health at Work Scheme (BHAW) in a passporting arrangement that will allow BHAW Gold status employers to obtain an automatic GWP 'Standard' award. Gold level members of the BHAW scheme are ambitious businesses that care deeply about the health of their employees and it's anticipated they'll continue their journey with GWP to advanced level.
- 1.18 In 2022, GWP will partner with NEECC to offer 'meet the expert' events to offer free networking opportunities for GWP members, this will provide GWP members with the expert knowledge and advice offered by NEECC and provide real value as a member supporting the GWP scheme.
- 1.19 In 2022, GWP will consider how the principles of 'good work' can be instilled into the start-up business community through our network of business support partners. It is hoped this work will encourage new businesses to think about the business they want to be and what they want to stand for ethically. This should begin at start-up and in the early growth stages.

### **Ongoing Marketing and Awareness Raising**

- 1.20 In 2022, NTCA will continue to produce and access PR and Marketing opportunities that will help us achieve our objectives, to reach our sign-up targets and enable high levels of engagement with businesses. We will seek to form longer term promotional and marketing plans and utilise outsourced creative services where that expertise is not held in-house.

## **2 Potential Impact on Objectives**

- 2.1 The activities set out above are underpinned by NTCA's Inclusive Economy policy statement and economic vision. At a time in which many are facing various and multiple challenges, the investments made by the Combined Authority are crucial in providing the support needed to enable

residents to navigate the difficult economic conditions and connect with employment available in the North of Tyne.

### 3 Key Risks

Area	Risk	Mitigation
<b>i. Lack of Interest</b>	GWP efforts fail to raise the required levels of awareness and change in the business community.	An initial phase of promotional activity and marketing has bolstered the GWP brand. Feedback from businesses and stakeholders assures us that message and the purpose of GWP is clear and something that should be supported. Ongoing awareness raising through promotional and marketing activity will continue to assist with the scheme's visibility to businesses.
<b>ii. Lack of Signups</b>	GWP fails to attract the required viable number of signups to the pledge.	In addition to the initial phase of promotional and marketing activity, the next key phase underway is the stepping up of direct engagement with both individual organisations and via partner and stakeholder interventions. This stepped-up engagement will bolster awareness raising activity and deliver further signups to the pledge.
<b>iii. Staffing Capacity</b>	The current resource available constrains progress, currently one staff member assigned to GWP	As GWP grows so does the administration of the scheme. When the CRM system is fully integrated into the application management system, this will make for more efficient data management. However, the future development of GWP may require additional resource to ensure the scheme continues to be well valued and respected by its members.

### 4 Financial and Other Resources Implications

- 4.1 A review of paid for activities and their effectiveness in Year 1 will be undertaken at the end of January 2022 (campaign end) and a plan of future activities and associated costs will be in place from March 2022.

### 5 Legal Implications

- 5.1 The comments of the Monitoring Officer have been incorporated in this report.

### 6 Equalities Implications

- 6.1 NTCA's commitment to equalities is clear and consistent. Building on our recognition of socio-economic disadvantage as a protected characteristic within the Public Sector Equalities Duty and our Equalities Objectives, the Good Work Pledge is part of NTCA's work to challenge inequality in the region.

## **7 Inclusive Economy Implications**

- 7.1 The GWP scheme will contribute to the creation of a more inclusive economy in the North of Tyne, with a specific positive impact on addressing inequalities in workplaces across the region.
- 7.2 The aim of the GWP is to ensure more employers are providing 'good work' in the North of Tyne with an additional focus on some key sectors known for providing poor and unreliable work. By driving forward the GWP, more and more businesses can offer their employees 'good work', directly linking to the desired outcome of making our region a better, more inclusive place to live and work.
- 7.3 The Combined Authority will continue to monitor the impact of GWP on the inclusive economy aspirations as part of its performance management processes.
- 7.4 As part of the stepped-up business engagement activities all NTCA providers are being invited to commit to the GWP and advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

## **8 Climate Change Implications**

- 8.1 Building on the success of the Citizen's Assembly for Climate Change, this proposal will support our wider work towards a Zero Poverty, Zero Carbon recovery. Pillar 5 of the Good Work Pledge, A Social Responsibility, specifically asks businesses what actions they are taking to reduce their carbon footprint. We expect businesses that are working towards the Advanced awards to be actively aware of their carbon footprint and taking steps to reduce it. By developing the Good Work Community, we also have the opportunity to provide information and resources to members on any further steps they can take to minimize their impact on the planet.

## **9 Consultation and Engagement**

- 9.1 In forming the GWP NTCA consulted via a mixture of stakeholder workshops, individual meetings, and online surveys to enable engagement with a broad range of stakeholders including private, public, and voluntary and community sector, unions, membership bodies, education providers and research organisations. In total, we achieved 108 engagements in the consultation, with 52 people attending workshops, and a further 56 organisations and individuals contributing through the survey or other means. This generated a balanced set of responses from across the employer base in the North of Tyne area to enable a truly co-designed and co-developed Pledge.

## **10 Appendices**

### **Appendix 1**

- A. Example of a featured article to promote Good Work Pledge
- B. Link to GWP member videos
- C. Examples of GWP promotional materials

### **Appendix 2**

List of businesses holding a Standard or Advanced award of the Good Work Pledge

## **11 Background Papers**

None

## **12 Contact Officers**

Leigh Mills  
Head of Inclusive Growth  
07855 100179  
[leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk)

Caroline Preston  
Economy and Policy Advisor  
07790 817720  
[caroline.preston@northoftyne-ca.gov.uk](mailto:caroline.preston@northoftyne-ca.gov.uk)

**13 Glossary**

GWP	Good Work Pledge
NTCA	North of Tyne Combined Authority

# Appendix 1A: Promotional Campaign Article

[Full article here](#)

Newsdesk: 0191 223 6794 Advertise With Bdaily: 0191 223 6792

News ▾ Members' ▾ Hot Topics ▾ Events Directory ▾ About



*Wayne Jobling, Laura Ritson (standing left) and Lauren Parker (sitting right) from Your Printing Specialists*

Sponsored



**MEMBER**

North of Tyne  
Combined  
Authority  
13 SEP 2021



## Good Work Pledge urges companies to be a change for good

**It's no secret that good business makes good sense, not just for organisations themselves, but for our economy as a whole. But what do we mean by 'good'? Sure, healthy profits are good for business but not at any cost. A successful business knows that it takes a number of things to build a truly good business, and at the top of the list is**

# Appendix 1B: NTCA Social Media Campaign for GWP

[Click the image to access videos](#)

The screenshot shows a website for North of Tyne. At the top left is the logo 'NORTH OF TYNE' with a blue wavy line underneath. At the top right are two navigation links: 'Who we are' and 'The Mayor'. Below the navigation is a paragraph of text: 'NTCA set to find out, consulting with employers and key stakeholders to identify the NTCA Good Work Pledge evolved.' Below this is a section header 'Good Work Pledge Businesses' with an orange wavy line underneath. The main content is a video player. The video title is 'Good Work Pledge Businesses'. The video shows a man in a white shirt and green lanyard speaking. A 'GOOD WORK PLEDGE' logo with a green checkmark is overlaid on the video. The video player controls at the bottom show a play button, a progress bar at 0:38 / 9:04, and the YouTube logo.

# Appendix 1C: GWP Promotional Materials

## GOOD WORK PLEDGE ✓

~~~~~



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

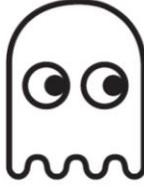
**CONGRATULATIONS ON BEING A NOMINEE AT THIS YEAR'S DYNAMITES AWARDS, YOU AND THE WHOLE TECH, DIGITAL AND IT INDUSTRY, ARE THE FUTURE!**

To succeed you need top talent. To attract and retain talent you need to be **GOOD**. A good employer is one that puts their people first, has a social conscience, and provides an environment that values, supports and rewards its loyal workforce. Is your business a force for **GOOD**?

**#GoodWorkPledge**



**FIND OUT MORE HERE  
AND SIGN UP TO JOIN  
THE MOVEMENT FOR  
GOOD WORK TODAY**





# DYNAMITES 21

The North East's IT and Technology Awards

Sponsored by



## GOOD BUSINESS MAKES GOOD SENSE

The Good Work Pledge helps businesses work towards and celebrate their good practice, building a thriving workforce for a dynamic, sustainable and more inclusive economy.

**APPLY NOW  
AND BE PART OF THE CHANGE FOR GOOD!**

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

#GoodWorkPledge

## GOOD WORK PLEDGE ✓

~~~~~



---

## IT'S TIME TO CHANGE... FOR GOOD

At the heart of a good business is its people, a thriving workforce, brought together by 'good work'. Times have changed, and so must work, work that helps our region to grow... Does your business offer 'good work'?

**FIND OUT, SIGN UP OR GET ON THE JOURNEY AND  
CHANGE FOR GOOD TODAY!**

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

#GoodWorkPledge

## GOOD WORK PLEDGE ✓

~~~~~



## Appendix 2: List of Businesses Awarded the Good Work Pledge

1. 50:50 Future Ltd
2. Alcyomics Ltd
3. Bernicia
4. Citizens Advice Newcastle
5. Concern Group
6. Connected Voice
7. Crosby's
8. ERS Ltd
9. Global Bridge Limited
10. Haines Watts
11. Hodgson Sayers Ltd
12. Homecare Plus
13. Karbon Homes
14. Learning Curve
15. Lord Tool Hire
16. Meadow Well Connected
17. MGM Ltd
18. NBSL
19. New Beginnings North East Ltd (NBNE Ltd)
20. Newcastle City Council
21. Newcastle University
22. North of Tyne Combined Authority
23. North Tyneside Council
24. Northumberland Citizens Advice
25. Northumberland County Council
26. NWG (Northumbrian Water Group)
27. Rise
28. Robson Laidler Accountants Ltd
29. Rocket Science UK Limited
30. Sage
31. Search CIO
32. Serios Group
33. Umi
34. Unisus Group Limited
35. United Response
36. University Centre Quayside (UCQ)
37. Urban Foresight
38. Your Print Supplies Ltd



**Subject: 2021/22 Quarter 2 NTCA Budget Monitor Report**  
**Report of: Chief Finance Officer**  
**Portfolio: Investment and Resources**

## Report Summary

This report is the second quarter monitoring report to Cabinet on the 2021/22 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 at 31 March 2022. The report reflects a six-month detailed 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 2021.

## Recommendations

The Cabinet is recommended to note the forecast budget monitoring position for the Combined Authority as set out in paragraphs 1.2 through to 1.6 and the reserves position in 1.7.

### 1. Background Information, Proposals and Timetable for Implementation

#### 1.1 Background

1.1.1 Cabinet approved the 2021/22 budget on 26th January 2021. 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.

1.1.2 The 2021/22 budget proposals were set within the context of the COVID-19 pandemic and delay to Comprehensive Spending Review (CSR).

1.1.3 The 2021/22 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.

#### 1.2 Corporate Budget

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

1.2.2 Table 1 overleaf reflects the 2021/22 forecast position across the key income and expenditure heads within the Corporate Budget head.

**Table 1: Q2 2021/22 Corporate Budget Monitor**

<b>Corporate</b>	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Variance £m</b>
<b>Expenditure</b>			
Employees	2,564	2,942	378
Other Service Expenses	1,699	1,099	(600)
Contribution to Reserves	-	600	600
Support Services	276	285	9
JTC Levy	26,801	26,801	-
<b>Gross Expenditure</b>	<b>31,340</b>	<b>31,727</b>	<b>387</b>
<b>Income</b>			
Mayoral Capacity Grant	(1,000)	(1,000)	-
Constituent Authority Contributions	(111)	(111)	-
Investment Fund Contribution	(2,231)	(2,213)	18
Investment Fund Workstreams	(221)	(546)	(325)
AEB Contribution	(678)	(678)	-
Other Contributions	(123)	(203)	(80)
Interest on Investments	(175)	(175)	-
JTC Levy	(26,801)	(26,801)	-
<b>Gross Income</b>	<b>(31,340)</b>	<b>(31,727)</b>	<b>(387)</b>
<b>Net (Income)/Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 1.3 Corporate Expenditure Variances

1.3.1 There are currently 58 staff directly employed by the Combined Authority, this reflects an increase in the current forecast position on employee expenditure of £0.378m and is in light of increasing numbers of projects and programmes, resulting in recruitment of a number of temporary posts to lead on the delivery of the projects. A workforce planning exercise is being undertaken with the aim of creating a long-term staffing plan, with a view to capacity management and retention of a competent, productive, and collegiate workforce set within the context of a consistent set of agreed principles appropriate for the Authority. This has identified an additional 5 priority posts, the part year costs of which are reflected in the forecast employee expenditure reflected in Table 1.

1.3.2 The increase in employee expenditure is matched by an increase in income from Investment Fund workstreams and an increase in other contribution income.

1.3.3 Mayoral Capacity Fund received for 2021/22 provided one-off funding of £1m. Commitments against this fund includes support for the Spacehive Platform and also a commitment towards IT asset management programme. A contribution to reserves has been included in the budget monitor to reflect future year commitments of the Spacehive and Asset Management Programme and also to build a reserve in relation to costs incurred in relation to the fit-out of the Lumen and potential future election costs.

1.3.4 A small increase (£0.009m) in Support Services is due to an increase in the insurance policy costs.

### 1.4 Investment Fund

1.4.1 To date the Combined Authority has achieved:

- A commitment of £76.420m against 88 live projects – out of a total programme value of £90.000m to March 2023.

- These projects will attract £245.720m of private sector leverage and are forecast to deliver 4,340 jobs and safeguard a further 2673.
- Of these, the first 474 new jobs have been created and 1773 safeguarded.

Table 2 sets out the commitments against the key themes of the Investment Fund.

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

	Committed	Allocation	% Allocated
	£m	£m	
Business	43.189	45.300	95%
People	13.115	17.300	76%
Place	10.659	13.250	80%
Major Strategic Economic Opportunities	7.340	9.650	76%
Business Case Development Fund	2.144	4.500	48%
	<b>76.447</b>	<b>90.000</b>	<b>85%</b>

- 1.4.2 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 below shows the forecast position for the Investment Fund in 2021/22.

**Table 3: Investment Fund Q2 Budget Monitor**

Investment Fund	Budget £m	Expenditure at Q2 £m	Forecast £m	Variance £m
<b>Expenditure</b>				
Business Case Development Fund	1.000	0.085	0.900	(0.100)
Investment Projects	26.757	2.759	17.800	(8.957)
Technical Assistance	0.250	0.085	0.350	0.100
Contribution to Corporate	2.231	2.213	2.231	-
<b>Gross Expenditure</b>	<b>30.238</b>	<b>5.142</b>	<b>21.281</b>	<b>(8.957)</b>
<b>Income</b>				
Investment Fund	(20.000)	(20.000)	(20.000)	-
<b>Total Income</b>	<b>(20.000)</b>	<b>(20.000)</b>	<b>(20.000)</b>	<b>-</b>
<b>Net Position (Income)/Expenditure</b>	<b>10.238</b>	<b>(14.858)</b>	<b>1.281</b>	<b>(8.957)</b>
<b>Investment Reserve brought forward</b>	<b>(50.129)</b>	<b>(50.129)</b>	<b>(50.129)</b>	<b>-</b>
<b>Net Investment Fund Reserve carried forward</b>	<b>(39.891)</b>		<b>(48.848)</b>	<b>(8.957)</b>

- 1.4.3 Investment Fund actual spend was at £5.142m at the end of Quarter 2, with a forecast year-end expenditure reflecting £8.957m lower than budget. This is expected to rise considerably thereafter, reflecting project profiling agreed by Investment Panel. 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.

- 1.4.4 Additionally, the pipeline has continued to develop a number of schemes to be delivered

in 2021/22, including the Green New Deal Fund which will deliver a significant amount of expenditure and outputs. The increase shown (£0.100m) on the Technical Assistance budget is in relation to evaluation work due to be contracted pending the Gateway Review.

- 1.4.5 Within the Investment Fund workstream the following projects include funding to be spent on capital schemes:

**Table 4: Investment Fund Capital Schemes Budget Profile**

Project	2021/22 £m	2022/23 £m	Total £m
NU Futures	1.642	0.028	1.670
Swans Energy Park	-	2.000	2.000
Bates Clean Energy Terminal	1.100	1.100	2.200
North Shields Fish Quay	0.386	1.154	1.540

## 1.5 Brownfield Housing Fund

- 1.5.1 The Brownfield Housing Fund is the first housing allocation for the North of Tyne Combined Authority. The funding is 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 is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.
- 1.5.2 A current total pipeline of 19 schemes with a total funding request of £26.100m. This position provides enough flexibility to manage the programme and NTCA, in collaboration with partners will continue to develop the pipeline of schemes in order to manage a deliverable capital programme which meets the requirements and timescales set out by MHCLG.
- 1.5.3 In terms of approvals to date, NTCA have approved 5 schemes with a total commitment of £11.140m. These schemes are forecasting the creation of 1238 housing units with the extended pipeline accounting for 3144, this is set against the MHCLG target of 1500. Forecast private sector leverage for the 5 approved projects stands at £115.95m. These schemes have been contracted and are now delivering on the ground, the following section sets out further detail on each scheme.
- 1.5.4 A call for sites was recently undertaken to identify additional sites for the fund and to build the Brownfield pipeline for future funding. A total of £26 million of schemes were received and are currently being assessed. It is expected that an updated pipeline will be confirmed in early 2022.
- 1.5.5 Due to the late confirmation and receipt of funding in year 1 (2020/21) and delays due to the pandemic, the unspent allocation from year 1 has been carried forward in to 2021/22 (year 2). This will increase pressure in terms of accelerated delivery in this financial year. Table 5 overleaf shows the revised profile going forward over the 5 years as agreed with MHCLG.

**Table 5: Brownfield Housing Funding Profile updated for Year 1 underspend**

	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	£m	£m	£m	£m	£m	£m
<b>Original Funding Profile</b>	24.000	5.000	8.100	6.700	3.100	1.100

<b>Revised Funding Profile</b>	23.854	0.585	12.368	6.700	3.100	1.100
<b>Projected Programme Spend</b>	26.184	0.585	11.693	6.925	6.687	0.293

## 1.6 Adult Education Budget (AEB)

- 1.6.1 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.
- 1.6.2 The Department of Education have confirmed NTCA's devolved AEB for the period 1 August 2021 to July 2022 is £23.551m plus an additional £1.642m for the delegated Lifetime Skills Guarantee bringing the total AEB in 2021/22 academic year to £25.193m.
- 1.6.3 Over 25,400 enrolment opportunities have been undertaken during Academic Year (AY) 2020/21, NTCA providers delivered 82% of actual learning in AY 2020/21, even though the COVID-19 pandemic caused all learning environments to close for a significant proportion of the academic year. This reflects the work and commitment from our provider base, to ensure residents are supported and deliver as much quality provision as possible, whether that is face-to-face or online.
- 1.6.4 Providers AEB delivery plans for AY 2021/22 were underway from the 1<sup>st</sup> August 2021 and will be monitored at quarterly performance management meetings throughout the year. Engagement with the new Level 3 Adult Offer is also being closely monitored to ensure funding delegated to NTCA for this delivery is utilised in full and NTCA residents without a full level 3 offer are accessing this new entitlement.

Table 6 below shows the forecast budget position on AEB for financial year 2021/22.

**Table 6 Adult Education Budget Forecast Academic Year 2021/22**

	Financial Year 2021/22		
	Budget £'000	Forecast £'000	Variance £'000
<b>Expenditure</b>			
Grant Awards	15.369	16.064	0.695
Procured Services	6.659	6.676	0.017
Corporate Contribution	0.678	0.678	-
Lifetime Skills Guarantee	-	1.086	1.086
<b>Gross Expenditure</b>	<b>22.706</b>	<b>24.504</b>	<b>1.798</b>
<b>Income</b>	<b>(22.706)</b>	<b>(24.504)</b>	<b>(1.798)</b>
<b>Gross Income</b>	<b>(22.706)</b>	<b>(24.504)</b>	<b>(1.798)</b>
<b>Net Position (Income)/Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 1.7 Reserves

- 1.7.1 The forecast position on reserves held at 31 March 2021/22 are detailed below in Table 7.

**Table 7 Reserves as at 31 March 2022**

Reserves Statement	Opening Balance	Movement in Reserve	Closing Balance

	£m	£m	£m
Strategic Reserve	0.200	-	0.200
Investment Fund Reserve	50.129	(1.281)	48.848
Reserve (Mayoral Capacity Fund)	-	0.600	0.600
Preparing to Exit Grant	0.183	-	0.183
<b>Total NTCA General Fund Reserves</b>	<b>50.512</b>	<b>(0.681)</b>	<b>49.831</b>

1.7.2 Reserves will decrease by £0.681m to £49.831m based on the current trajectory on the Investment Fund. The level of the Investment Fund Reserve reflects Investment Fund monies received to date of £80.000m with delivery on projects anticipated to reduce the reserve to £48.848m at the end of 2021/22. It is anticipated that an additional reserve will be created in relation to the balance of the Mayoral Capacity Fund (Paragraph 1.4.5) in relation to future election costs.

1.7.3 The Strategic Reserve continues to be maintained at £0.200m in line with the Reserves and Balances Policy.

## 2. Potential Impact on Objectives

2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. The 2021/22 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.

## 3. Key Risks

3.1 There are no specific risks relating to this report.

## 4. Financial and Other Resources Implications

4.1 This is a financial report with any financial or resource implications set out in the report.

4.2 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.

## 5. Legal Implications

5.1 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 Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance on Local Government Investments.

5.2 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.

## 6. Equalities Implications

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

## 7. Inclusive Economy Implications

7.1 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.

## 8. Climate Change Implications

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

## 9. Consultation and Engagement

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

## 10. Appendices

Appendix A: Treasury Management Mid-Year Review

## 11. Background Papers

26 January 2021 NTCA Budget Report

## 12. Contact Officers

Janice Gillespie, Interim Chief Finance Officer  
e-mail address: [Janice.gillespie@northtyneside.gov.uk](mailto:Janice.gillespie@northtyneside.gov.uk)  
Tel: 0191 6435701

## 13. Glossary

AEB	Adult Education Budget
AY	Academic Year
NTCA	North of Tyne Combined Authority

This page is intentionally left blank

## **NTCA Treasury Management Mid-Year Review**

### **1. Treasury Management**

- 1.1 In line with the CIPFA Code of Practice on Treasury Management in the Public Services, the Authority is required to approve a treasury management strategy before the start of each financial year and to monitor/report performance against the strategy (with a mid-year review). Cabinet approved the 2021/22 Treasury Management Strategy on 26th January 2021.
- 1.2 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.
- 1.3 A key element of the treasury management function is the management of the funding associated with capital investment plans. These capital plans will provide a guide to any borrowing needs of an organisation, essentially the longer-term cash flow planning to ensure that the organisation 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.

### **2. Treasury Management Consultants**

- 2.1 The Authority uses Link Asset Services, Treasury Solutions as its external treasury management advisors.
- 2.2 Whilst the Authority has external treasury management advisors it recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of its external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, its treasury advisers.
- 2.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

### **3. Investment and Borrowing Rates**

- 3.1 Markets remain benign and cautious following the COVID 19 pandemic with interest rates remaining at all-time lows. The COVID 19 vaccine programme significantly boosted confidence with the view that life could largely return the normal and restrictions ease.
- 3.2 With the easing of restrictions, the economy has seen significant inflationary pressure driven by pent up demand from COVID, supply chain issues as well as an energy crisis. With inflation in Q3 2021 above the 2% target set for the Bank of England (BoE) has led to the BoE to look at using monetary policy to reduce the economy for overheating and a willingness to increase the bank rate above 0.10% for the first time since March 2020, the beginning of the pandemic.
- 3.3 Financial markets have priced in the first bank rate increase from 0.10% to 0.25% in February 2022 however the Combined Authority's Treasury consultants feel that might be ambitious as the BoE has stated it wishes to see the economic impact of the ending of furlough at the end of September 2021 before intervening with changes to interest rates.

3.4 The impact of an interest rate would lead to increased borrowing costs as well as potential increases in investment yield.

#### 4. Borrowing

4.1 At this current time the Combined Authority does not have the powers to borrow other than for Transport responsibilities, the borrowing that will be reflected in the Combined Authority's Statement of Accounts relates to historic Tyne and Wear Transport activities and the financing and borrowing costs are met by the Tyne and Wear Levy. Details of which are included the Treasury Management Strategy and Prudential Indicators of the North East Combined Authority as the appointed accountable body.

4.2 The Combined Authority is currently engaging with the DLUCH (Department for Levelling Up Housing Communities – formerly MHCLG) to receive borrowing powers for 2022/23 going forward.

#### 5. Financial Investments

5.1 The Combined Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Combined Authority's Investment Strategy will consider core balances and cash flow requirements and the outlook for short-term interest rates. Where cash flow identifies cash sums that could be invested for longer periods (potentially obtaining a greater return), the value to be obtained from longer term investments will be carefully assessed.

5.2 If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable. Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

5.3 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 1 overleaf:

**Table 1: 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

- 5.4 NTCA became the Accountable Body for the North East LEP (LEP) from the 1 April 2020 as such NTCA is responsible for managing the cashflow of the LEP in addition to its own cashflow. The latest projection of investment income for 2021/22 is £0.373m. A calculation will be done at year end to assess average interest achieved on each fund taking account of payments out and income in. In 2020/21 the proportion of interest due to NTCA compared to the LEP was 56:44 . The original budget for NTCA, solely, was set at a prudent level of £0.175m. Based on the latest projection of investment income NTCA will at least meet this level of investment income
- 5.5 Link Asset Services produces a quarterly Investment Benchmarking report that assesses both the rate of return and the risk of the counterparty to calculate a weighted average rate of return, which is used for comparison across other similar Authorities. In the most recent report that covers the position as of 30 September 2021, the Combined Authority achieved a weighted average rate of return of 0.267% on investments. This is comfortably within the risk adjusted expectations as defined in the benchmarking report of between 0.1800% and 0.3500%.
- 5.6 It continues to be a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in-line with the Bank Rate. This is particularly the case following the two latest bank rate cuts in March 2020.
- 5.7 All investments made are in line with NTCA's Treasury Management Strategy and are considered a low-risk counterparty/instrument commensurate with the Authority's low risk policy, providing adequate security and liquidity before considering investment return.

This page is intentionally left blank



Subject: 2022-2026 NTCA Budget Proposals  
 Report of: Chief Finance Officer  
 Portfolio: Investment and Resources

## 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 2022/23, and the medium-term financial plan for the period 2023/24 to 2025/26. The report will outline the draft budget in respect of the Corporate Budget, Investment Fund, Adult Education Budget, and the new Brownfield Housing Fund. The report also outlines the context within which the budget proposals have been prepared in relation to the Comprehensive Spending Review (CSR). NTCA are 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 2022/23 as set out in paragraph 2.1 which will then be subject to consultation with Overview and Scrutiny Committee
2. Agree the draft Investment Fund as set out in paragraph 2.2 which will then be subject to consultation with Overview and Scrutiny Committee
3. Agree the draft Adult Education Budget as set out in paragraph 2.3 which will then be subject to consultation with Overview and Scrutiny Committee
4. Agree the Brownfield Land Programme Budget as set out in paragraph 2.4 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 2022
6. Agree to hold the reserves set out in paragraph 2.5 and note the Chief Finance Officer 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, paragraph 2.6

### 1. Background Information, Proposals and Timetable for Implementation

- 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 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 North of Tyne Combined Authority Corporate Plan was taken to Cabinet Annual Meeting on 8 June 2021. 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.
- 1.4 The Corporate Plan has been developed through a process of co-design with Cabinet and plays an intrinsic role in ensuring that funding and resources are used efficiently and effectively adding maximum value and delivering with impact.
- 1.5 The Corporate Plan will drive the work programme of the NTCA which will turn into both team plans and individual personal objectives, creating a 'golden thread' from Cabinet's vision to day-to-day delivery. Importantly, the Plan is rooted in the NTCA values, which underpin the way the authority works and outlines our approach to managing wisely the resources, funding, and investment available.
- 1.6 The 2022/23 Budget is being prepared within the context of the recent Comprehensive Spending Review announcement which confirmed the shift on tax burdens, in particular the increase of 1.25% on Employer National Insurance. In addition to some additional Regional measures in relation to 'Levelling up' with more information to follow in the White Paper by the end of the year.

## 2. 2022-2026 Budget Proposals

### 2.1 Draft Corporate Budget Proposals

2.1.1 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.

2.1.2 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 sets out the proposed draft budget that is required to operate the Combined Authority and how it is to be funded.

**Table 1: 2022/23 Budget and 2023-2026 Financial Plan**

	4 Yr. Corporate Budget Summary				
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
<b>Expenditure</b>					
Staffing	3,145	3,241	3,336	3,407	13,129
Mayor's Office	248	252	255	258	1,013
Other Costs	1,003	1,003	1,003	1,003	4,012
Contribution to Reserves	300	300	0	0	600
Transport Levy	27,074	27,074	27,074	27,074	108,296
SLAs	285	285	285	285	1,140
<b>Total Expenditure</b>	<b>32,055</b>	<b>32,155</b>	<b>31,953</b>	<b>32,027</b>	<b>128,190</b>
<b>Income</b>					
Grant Income	(4,681)	(4,781)	(4,879)	(4,953)	(19,294)
Contribution from Reserves	(300)	(300)	0	0	(600)
Transport Levy	(27,074)	(27,074)	(27,074)	(27,074)	(108,296)
<b>Total Income</b>	<b>(32,055)</b>	<b>(32,155)</b>	<b>(31,953)</b>	<b>(32,027)</b>	<b>(128,190)</b>
<b>Net Position (Inc)/Exp</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2.1.3 The budget proposals reflect the increase in National Insurance contributions of 1.25% payable by employers and employees. A 2% year on year uplift has also been assumed in the staffing estimates contributing to the increase in staffing costs over the 4 yr. period reflected.

- 2.1.4 The bulk of the expenditure is funded through devolved funding secured through the devolution deal, and contributions from constituent authorities of £37,000 each and will be regularly reviewed as the delivery of key priorities and actions progress.
- 2.1.5 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.
- 2.1.6 A budget line has been included in financial year 2022/23 and 2023/24 to reflect a build up of reserves to fund election costs. This is to be funded from the Mayoral Capacity Fund received in 2021/22. The Mayoral Capacity Fund has been received each year to date to support delivery of the Combined Authority, however, no confirmation has been received to date of any further funding in 2022/23 or onwards.
- 2.1.7 The Combined Authority is required to raise the levies on the constituent authorities, so an important part of the budget setting process is ensuring the timetable meets the relevant statutory deadlines for issuing the Transport Levy. The relevant dates for the Joint Transport Committee are included in Appendix A.

## 2.2 Draft Investment Fund Proposals

- 2.2.1 The Investment Fund sets out costs associated with the development, management of and delivery of projects to be funded through the Investment Fund.
- 2.2.2 The North of Tyne Combined Authority Corporate Plan was taken to Cabinet Annual Meeting on 8 June 2021. 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. The Table sets out clearly the expected date of the 5-year Gateway review 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 Table 2 shows indicative spend for a period of just over 4 years.

**Table 2: Draft Investment Fund Proposals**

	Previous Years 2018-2022 £000	2022/23 £000	Total 5-Yr Gateway Review £000	2023/24 £000	2024/25 £000	2025/26 £000
<b>Expenditure</b>						
Business Case Development Fund	2,773	500	3,273	200	200	200
Investment Projects	31,486	41,600	73,086	15,750	19,800	9,800
Technical Support	750	250	1,000	200	100	100
Contribution to Corporate Costs	5,991	2,650	8,641	2,850	2,900	2,900
<b>Total Expenditure</b>	<b>41,000</b>	<b>45,000</b>	<b>86,000</b>	<b>19,000</b>	<b>23,000</b>	<b>13,000</b>
<b>Income</b>						
Funding Sources	(80,000)	(20,000)	(100,000)	(20,000)	(20,000)	(20,000)
<b>Total Income</b>	<b>(80,000)</b>	<b>(20,000)</b>	<b>(100,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>	<b>(20,000)</b>
<b>Net Position (Inc)/Exp</b>	<b>(39,000)</b>	<b>25,000</b>	<b>(14,000)</b>	<b>(1,000)</b>	<b>3,000</b>	<b>(7,000)</b>
<b>Cumulative Position</b>	<b>(39,000)</b>	<b>(14,000)</b>		<b>(15,000)</b>	<b>(12,000)</b>	<b>(19,000)</b>

- 2.2.3 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.
- 2.2.4 Included in the budget is provision for Technical Support, this 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.
- 2.2.5 Table 3 below reflects the capital expenditure included within the Investment Fund programme to date. NTCA are liaising with Government on obtaining borrowing powers which will allow the Combined Authority to expand much further on capital programmes. This will change the profile on the Investment Fund profiles reflected in Table 2 and consequently impact on the Corporate Budget. This will continue to be updated in the usual Financial Management Reports to Cabinet.

**Table 3: Capital Funding included within the Investment Fund**

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£
<b>NTCA IF Capital</b>	31,498	1,014,950	924,419	29,133	-	2,000,000
<b>Capital Match</b>	95,617	3,081,066	2,806,240	88,439	-	6,071,362
<b>Total Capital</b>	<b>127,115</b>	<b>4,096,016</b>	<b>3,730,659</b>	<b>117,572</b>	<b>-</b>	<b>8,071,362</b>

## 2.3 Draft Adult Education Budget

- 2.3.1 As part of the devolution deal the Adult Education Budget was devolved to the authority with an effective start date of August 2020. This provides the Authority with significant new powers and responsibilities in delivering both Mayoral and Cabinet priorities alongside the national skills agenda and priorities.
- 2.3.2 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.
- 2.3.3 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.
- 2.3.4 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.
- 2.3.5 Table 4 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 4: Draft Adult Education Budget**

	Adult Education Budget 4-Yr Profile				
	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £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>

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

## 2.4. Brownfield Housing Budget

2.4.1 The Brownfield Housing Fund was first announced in the March 2020 National Budget to support Mayoral Combined Authorities and their local areas 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 with a £0.550m revenue capacity support grant (for 2020- 21 only).

2.4.2 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.

2.4.3 Table 5 below shows the profile of both the capital and linked revenue support grant over the life of the project.

**Table 5: Brownfield Housing Budget Profile**

	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	£m	£m	£m	£m	£m	£m
<b>Funding Profile</b>	24.000	5.000	8.100	6.700	3.100	1.100
<b>Funding Profile reflecting underspend in 2020/21 c/f to 2021/22</b>	23.854	0.585	12.368	6.700	3.100	1.100

## 2.5 Reserves

2.5.1 As set out in the budget report to Cabinet on 4<sup>th</sup> 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.

## 2.6 LEP Accountable Body Budget

2.6.1 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.

- 2.6.2 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.
- 2.6.3 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 will need to be kept under review for any new areas of work that are identified over and above the budget that is agreed, the 2022/23 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 2021/22 North East LEP Accountable Body Budget.

**Table 6: 2022/23 North East LEP Accountable Body Budget**

	<b>North East LEP Accountable Body Budget 2022/23</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>

### **3 Potential Impact on Objectives**

- 3.1 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.

### **4 Key Risks**

- 4.1 There are no specific risks relating to this report.

### **5 Financial and Other Resources Implications**

- 5.1 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 2022-2026 Financial Plan, incorporating the 2022/23 Budget-Setting process.
- 5.2 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 proposed as part of the four-year Financial Plan for 2022-2026 in accordance with the Authority's Reserves and Balances Policy.

### **6 Legal Implications**

- 6.1 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.

### **7 Equalities Implications**

- 7.1 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.

- 7.2 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.

## **8 Inclusive Economy Implications**

- 8.1 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.

## **9 Climate Change Implications**

- 9.1 There is no direct climate changed implications arising from the recommendations in this report. However, climate change is considered within an EIA for projects.

## **10 Consultation and Engagement**

- 10.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2022/23 Draft Budget are based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision which has been detailed in the Corporate Plan which has been agreed by Cabinet and is being shared with stakeholders in a range of events.
- 10.2 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.

## **11 Appendices**

Appendix A 2022/23 Budget Setting Timetable

## **12 Background Papers**

26 January 2021 Financial Plan and Budget.  
5 February North East Combined Authority Leadership Capital and Revenue Outturn Report.

## **13 Contact Officers**

Janice Gillespie, Interim Chief Finance Officer, E-mail address:

[Janice.gillespie@northtyneside.gov.uk](mailto:Janice.gillespie@northtyneside.gov.uk)

Tel: 0191 6435701

## **14 Glossary**

CSR	Comprehensive Spending Review
BFH	Brownfield Housing Fund
AEB	Adult Education Budget
LEP	North East Local Enterprise Partnership
INEE	Invest North East England

This page is intentionally left blank

## Budget Setting Timetable

DATE	EVENT/MEETING	ACTION
22 September 2021	Cabinet Meeting	To consider and agree 2022/23 budget process/timetable for <b>both</b> the Authority and Mayoral budgets.
12 October 2021	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for <b>both</b> the Authority and Mayoral budget.
30 November 2021	Cabinet Meeting	Consider and agree the draft budget proposals in respect of the Authority.
30 November 2021	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation.
7 December 2021	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Budget proposals.
11 January 2022	NTCA Overview and Scrutiny Budget Workshop	Workshop to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.
18 January 2022	Joint Transport Committee	Approve Transport Revenue Budget and Transport Levies.
25 January 2022	Cabinet Meeting	To consider outcomes of consultation and recommendations from Overview and scrutiny and agree final proposals for the Authority's Budget. Receive the Mayors draft budget proposals. Formally agree to issue the Transport Levy to constituent authorities.
Before 1 February 2022 (additional meeting needed)	Cabinet	Cabinet meet to agree recommendation to the Mayor in respect of the draft Mayoral budget.
1 February 2022	NECA Leadership Board	Leadership Board formally issue levy agreed by JTC in January.
08 February 2022	Overview and Scrutiny Committee	Consideration of Authority's and Mayor's final budget proposals.
22 February 2022	Cabinet	Cabinet consider O&S Final Recommendations and approve the Authority's and Mayor's Budget.

This page is intentionally left blank

**Subject:** In-Year Appointments to the Housing and Land Board  
**Report of:** Monitoring Officer  
**Portfolio:** All

---

### Report Summary

This report sets out proposed in-year changes to the membership of the Housing and Land Board and also proposes that the power to agree future in-year changes to this Board be delegated to the Managing Director.

### Recommendations

Cabinet is recommended to:

1. agree the in-year appointments to the Housing and Land Board as set out in paragraph 1.1.2 below; and
2. delegate authority to the Managing Director, in consultation with the Housing and Land Board Chair (i.e. the Cabinet Member for Housing, Land and Development) to agree future in-year changes to the membership of the Housing and Land Board.

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 The Housing and Land Board (HLB) is an advisory board of the North of Tyne Combined Authority. It oversees the work of the housing, land and development portfolio and acts as a partnership board representing the range of different stakeholders across the housing and development landscape. It is made up of nominated representatives from a cross-section of bodies and organisations with an interest in housing and development in the North of Tyne area. The Board is supported by the NTCA Officer Team with the Managing Director attending meetings as lead adviser (rather than as a member of the Board).
- 1.2 Recent changes at member organisations have resulted vacancies on the Housing and Land Board. It is therefore proposed that:
  - Cllr Colin Horncastle replace Cllr Nick Oliver as Northumberland County Council's representative;
  - Dominic Smith (Senior Land Manager at Barratt Homes and the new representative for the Home Builder's Federation (HBF) in the North East) replace Peter Jordan (Group Land Director at Persimmon Homes) who was previously the HBF representative in the North East; and
  - Tom Warburton, interim Chief Executive at Newcastle City Council, replace Pat Ritchie as the lead constituent authority chief executive for housing.

The proposed new membership of the HLB, reflecting the changes outlined above, is set out in Appendix 1.

### 2. Potential Impact on Objectives

The appointments are in line with the Authority's Constitution and decision-making arrangements and will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies and priorities.

**3. Key Risks**

None.

**4. Financial and Other Resources Implications**

There are no direct financial implications arising from this report.

**5. Legal Implications**

The Monitoring Officer is the author of this report and the proposals reflect the requirements of the provisions of NTCA's Constitution.

**6. Equalities Implications**

There are no direct equalities implications arising from this report.

**7. Inclusive Economy Implications**

There are no direct inclusive economy implications arising from this report.

**8. Climate Change Implications**

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

**9. Consultation and Engagement**

The local authority appointments to the Housing and Land Board have been authorised by the constituent councils.

**10. Appendices**

Appendix 1 - Membership of Housing and Land Board

**11. Background Papers**

None.

**12. Contact Officer**

John Softly, Monitoring Officer  
[john.softly@northoftyne-ca.gov.uk](mailto:john.softly@northoftyne-ca.gov.uk)

## Appendix 1

### Membership of Housing and Land Board

<b>Name</b>	<b>Representing</b>	<b>Title/Organisation</b>
Mayor Norma Redfearn (Chair)	Deputy Mayor of the North of Tyne Combined Authority and Lead for Housing for North of Tyne CA; and North Tyneside Council	North of Tyne CA/ North Tyneside Council
Stephen Bell	Representative from voluntary sector/ homelessness issues	Chief Executive – Changing Lives
Prof Glenda Cook	Representative from health sector	Professor of Nursing, Northumbria University
Mayor Jamie Driscoll	Elected Mayor of the North of Tyne Combined Authority	North of Tyne Combined Authority
Paul Fiddaman	Representative from the National Housing Federation	Chief Executive – Karbon Homes
John Godfrey	Representative from Institutional Investors	Director of Corporate Affairs – Legal & General
Mark Henderson	Representative from the National Housing Federation	Chief Executive – Home Group
Councillor Colin Horncastle	NTCA Constituent Authority	Northumberland County Council
Councillor Peter Jackson	Representative for rural interests	Northumberland County Council
Councillor Karen Kilgour	NTCA Constituent Authority	Newcastle City Council
Chris Norris	Representative from private landlords	Director of Policy of National Residential Landlords Association
Tom Warburton	Lead Chief Executive for Housing for North of Tyne CA	North of Tyne Combined Authority
Andrew Saunderson	Representative from institutional private landlords	Director of Development Grainger plc
Dominic Smith	Representative from the Home Builders Federation	Senior Land Manager – Barratt Homes
Duncan Sutherland	Homes England	Board Member, Homes England

This page is intentionally left blank



**Subject:** North East Local Enterprise Partnership –  
Funding Decisions Update  
**Report of:** Chief Executive of North East Local Enterprise Partnership  
**Portfolio:** All

## Report Summary

The purpose of this report is to update the Cabinet on the work and decisions of the North East Local Enterprise Partnership (North East LEP). Since the North of Tyne Combined Authority Cabinet meeting held on 27 July there have been a number of project funding decisions related to the programmes managed by the North East LEP, for which NTCA is the accountable body since 1 April 2020. This report provides summary information about the Local Growth Fund (LGF), Getting Building Fund (GBF), Enterprise Zone (EZ), and North East Investment Fund (NEIF) programmes.

## Recommendations

Cabinet is recommended to:

1. Note the report which provides information on the work and funding decisions of the North East Local Enterprise Partnership (North East LEP) over the last four months.

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 The report provides an update on the North East LEP project funding decisions made since the 27 July 2021. The North East LEP manages four funds; the Local Growth Funding (LGF), the Getting Building Fund (GBF), the North East Investment Fund (NEIF) and the Enterprise Zone (EZ) programmes. On the 28 May 2021, the North East LEP Board agreed to the development of a Project Development Accelerator fund being setup (sourced from NEIF, reallocated from GBF underspend and retained EZ surplus) to support the development of strategic regional projects.
- 1.2 Project funding decisions are made in line with the North East LEP Constitution and Scheme of Delegation which sets out how decisions can be made through the North East LEP Board, the Investment Board or through the delegated decision process.
- 1.3 The North of Tyne Combined Authority (NTCA), as the North East LEP accountable body, is the legal entity which issues the grant and loan agreements to project applicants and as such must satisfy itself of the legal and financial probity of any decisions it implements on behalf of the North East LEP. This means that the North LEP project funding decisions also need to be authorised through NTCA decision-making for legal and financial probity reasons, rather than endorsing the actual in principle decision of the North East LEP.
- 1.4 Project funding decisions made and implemented between 27 July and 20 October are as follows:
  - £750,000 of GBF grant (Commercial Property Investment Fund Pilot incentive) to Portland House Development Company Newcastle Limited to develop the Portland House project.
  - £848,921 of GBF grant (Commercial Property Investment Fund Pilot incentive) to Hanro Group to develop the Gilbridge Police Station project.
  - £731,818 of GBF grant (Commercial Property Investment Fund Pilot incentive) to UK Land Estates Ltd for the Tyne Tunnel Trading Estate Phase III project.

- £994,254 of GBF grant (Commercial Property Investment Fund Pilot incentive) to TyneExe Commercial Ltd for the Air View Park Phase 2a and 2b project.
- £448,625 of GBF grant (Commercial Property Investment Fund Pilot incentive) to Project Genesis Limited for the Bessemer Court project.
- £150,000 of North East LEP Project Development Accelerator Fund grant award to NEXUS for the North Shields Ferry Landing Renewal and Relocation project.
- £147,000 of North East LEP Project Development Accelerator Fund grant award to Transport North East for the Access Transformation NE: Business Case Development project.
- £150,000 North East LEP Project Development Accelerator Fund grant award to Sunderland City Council for the International Advanced Manufacturing Park (IAMP) - Microgrid Demonstrator project.
- £150,000 North East LEP Project Development Accelerator Fund grant award to Sunderland City Council for the Housing Innovation & Construction Skills Academy (HICSA) project.
- £125,000 of LGF Programme balances revenue grant to Gateshead City Council towards the North East Business Event Subvention Fund pilot project, subject to conditions.
- £500,000 additional grant from the LGF Programme balances to the North East Inward Investment Grant (NEIIG scheme).
- £1,250,000 of GBF grant to the Port of Blyth Authority for the Battleship Wharf project, Blyth Estuary.
- £965,585 of GBF grant to Arbucc (Drum) Ltd for the Panther Court, Drum Industrial Estate project.
- £985,270 of additional EZ Programme funds to Advance Northumberland for the Ashwood Business Park project.
- £150,000 of North East LEP Project Development Accelerator Fund grant award to Tyne Coast College to support the South Shields campus relocation project.
- £55,000 of North East LEP Project Development Accelerator Fund grant award to the North East LEP Skills Team to develop the Collaboration of Digital Expertise (CODE) project.
- £70,000 of North East LEP Project Development Accelerator Fund grant award to Newcastle City Council to support the Biosphere 2 project.
- £52,500 of North East LEP Project Development Accelerator Fund grant award to North East LEP's Business Growth Team to support the North East Life Science Manufacturing and Innovation Zone project.
- £70,000 of North East LEP Project Development Accelerator Fund grant award to Transport North East to support the South of Tyne and Wear Wearside and Metro Loop project.
- £80,000 of North East LEP Project Development Accelerator Fund grant award to North Tyneside Council to support the A19 North of Tyne Improvements (Local Plan Housing/Employment Land enabling) project.

## **2. Potential Impact on Objectives**

- 2.1 The decisions support the vision and objectives of the North East LEP Strategic Economic Plan 2014- 2024, and the North East Recovery and Renewal Deal submitted to Government in September 2020.

## **3. Key Risks**

- 3.1 The North East LEP is managing financial, regulatory and reputational risks at both project level and programme level. Individual project level risks are assessed prior to funding approval as part of the project appraisal process and in accordance with the recently updated North East LEP Assurance Framework.
- 3.2 NTCA's finance and legal officers are considering all related grant and loan funding agreements including subsidy control matters to ensure legal and financial probity as they are being determined.

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

- 4.1 The Section 73 Officer is consulted on all funding decisions going through the NTCA decision-making process to ensure financial probity and whether the budget provision is available.

## **5. Legal Implications**

- 5.1 The comments of the Monitoring Officer have been included within this report. The NTCA Monitoring Officer is consulted on all funding decisions going through the NTCA decision-making process to ensure legal probity.

## **6. Equalities Implications**

- 6.1 All North East LEP funded projects are required to be delivered in accordance with the objectives set out under s149 of the Equalities Act 2010.

## **7. Inclusive Economy Implications**

- 7.1 The North East LEP follows the policies set out in its North East Strategic Economic Plan (SEP) that promote sustainable economic growth across the region. The core objective of the North East SEP is to support the creation of 100,000 'more and better' jobs in the region by 2024.
- 7.2 Projects consider the impact on inclusive growth in the North East.

## **8. Climate Change Implications**

- 8.1 Several of the projects directly support a greener economy for the North East.

## **9. Consultation and Engagement**

- 9.1 Proposals have been developed through the North East LEP Board and Investment Board processes.

## **10. Appendices**

Appendix A: Copy of the North East LEP Board, Investment update paper – 30 September 2021.

## **11. Background Papers**

None

## **12. Contact Officers**

- 12.1 Helen Golightly OBE  
Chief Executive, North East Local Enterprise Partnership  
[Helen.Golightly@nelep.co.uk](mailto:Helen.Golightly@nelep.co.uk)

## **13. Glossary**

- 13.1 LEP – Local Enterprise Partnership  
13.2 LGF – Local Growth Fund  
13.3 EZ – Enterprise Zone  
13.4 NEIF – North East Investment Fund  
13.5 GBF – Getting Building Fund

## North East Local Enterprise Partnership Board



30 September 2021

### Item 5: Funding decisions and update – confidential paper

#### 1.0 Introduction

1.1 This report is presented in three parts:

- **Part A** sets out two Local Growth Fund programme projects requiring Board approval.
- **Part B** provides a summary of funding decisions taken under delegation since the last Board meeting.
- **Part C** provides a funding programme round up, including the Local Growth Fund (LGF) Quarter 1 programme budget and performance; Getting Building Fund' (GBF) programme update; and a revised request to support an increased external grant application by the Innovation Team to establish a North of Tyne Challenge Programme.

#### 2.0 Part A - Projects for Approval

2.1 The two projects set out below were considered at the Investment Board meeting on 16 September 2021 and are being recommended to the Board for approval. The North East Business Event Subvention Fund is a new one year pilot regional project submitted by Gateshead Council and planned to be managed by the Newcastle Gateshead Initiative. The North East Inward Investment Grant scheme is an established fund managed by the Invest North East England Team, who in the face of increased demand, are seeking the reinstalment of £500,000 in the short-term, a more detailed scheme review and report is planned for the Board meeting in January 2022.

#### 2.2 North East Business Event Subvention Fund

##### 2.3 Introduction

Gateshead Council, supported by research undertaken by economists IPW, have brought forward proposals to establish a North East Business Event Subvention Fund. The Council plans to deliver the project in partnership with the Newcastle Gateshead Initiative (NGI) who have an established track record in attracting and supporting regional conferences and exhibitions. A Subvention Fund essentially functions as a flexible form of grant subsidy with the aim to secure strategic conferences, particularly but not exclusively, to the new Newcastle Gateshead Quays Conference and Exhibition Centre (CEC) that is planned to open in late 2024.

2.4 To date the Board has invested £5m LGF and £2m GBF into early-stage capital costs on the £300m Newcastle Gateshead Quays CEC project in recognition of its strategic importance to the region. In addition, in May the Board supported an Enterprise Zone Performance Reward of c £952,320 p.a. from the Follingsby EZ site starting in 2023/24, enabling the Council to deploy this to support their borrowing costs and make a significant £15m contribution towards the Quay's capital costs. A decision on a Council bid of £20m into the Government's Levelling Up Fund is expected in the CSR on 27 October 2021. Site enabling works are planned to commence in

**This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.**

November. A revenue contribution to a Subvention Fund budget will help support the establishment of the new Quays facilities in the Business Association conference market, specifically those markets that accord with the North East SEP growth sectors.

- 2.5 Whilst the Newcastle Gateshead Quays CEC would most likely be the main beneficiary of the Subvention Fund, other venues may form part of packaged offers or be able to access the fund directly e.g., the region's Universities where events meet the proposed criteria (see 2.10). Regular progress updates during the pilot year will be reported to the region's Local Authority Economic Directors.
- 2.6 Although the Newcastle Gateshead Quays facilities will not be open for business until late 2024, due to major conference organisers booking events several years in advance, the case is made to establish a budget now that will allow financial commitments to be made and bookings secured. This project is viewed as a 'pilot' first year subvention fund, to help demonstrate the additionality and outputs associated with attracting business events to the region and to inform a longer-term solution.
- 2.7 Subvention continues to be recognised nationally and internationally as an important factor for attracting many types of conferences, in particular larger association conferences. A number of event organisers specifically require a city or destination to offer subvention funding and stipulate this in the Request For Proposals (RFP) issued to the market, to be in the running to host their event.
- 2.8 In an extremely competitive national marketplace, where key competitor destinations/ venues have significant conference subvention budgets and / or other added value approaches to entice events, it is argued that it is ever more important that the North East invests and develops a clear process for identifying strategic events it wishes to target and attract.
- 2.9 This new fund will help the Newcastle Gateshead Quays CEC to win business events and establish the wider region as a recognised player in this market. Hosting these events will increase the number of visitors to the area, specifically international and business visitors; create opportunities in key sectors to showcase the region's investment opportunities, infrastructure and business strengths.
- 2.10 The subvention budget will be prioritised for events from within specific sectors of strategic importance to the region. The other main guidelines for the pilot phase are:
- Funds will prioritise events drawing delegates from outside the region, at least 65% of delegates being drawn from outside the North East.
  - Applicable only to events generating over 1,000 delegate days (e.g., this could be 2 days of 500 delegates).
  - Funds will only support business tourism events (targeted primarily at association conferences). Business tourism is being prioritised as this offers the greatest return in terms of economic impact per delegate. Associations are 'not for profit' and subvention is often key to enabling an event to take place. As such they will be prioritised over corporate events.

#### 2.11 **Economic Benefits**

Key measures of direct benefit derived from business events are jobs created and Gross Value Added (GVA), driven by visitors. Given the time lag associated with this form of intervention there is uncertainty over the timing of the realisation of benefits. Table 1 provides an indicative profile. The proposed grant award matrix is targeting a minimum 20:1 ratio between the projected direct visitor expenditure in the local economy and the amount of the subvention award, demonstrating that each individual investment represents high value for money and the proposed subvention

This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.

fund will deliver significant economic impacts. A range of indicators will be monitored to assess economic value in addition to those shown in Table 1.

**Table 1: Key Economic Performance Measures**

<b>Output Indicators</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/6 onwards</b>	<b>Total</b>
NewcastleGateshead improved ranking in BMEIS					n/a
Number of delegate days generated	0	0	10,000	15,000	<b>25,000</b>
Number of delegates from outside the region	0	0	6,500	9,750	<b>16,250</b>
GVA	0	0	£2,000,000	£3,000,000	<b>£5,000,000</b>
Number of key sector events secured	0	0	10	15	<b>25</b>

## 2.12 Budget

2.13 LGF programme legacy fund balances are available to support the project. Gateshead Council were advised to restrict their application for revenue support to a 'first year' pilot and to no more than 50% of total costs. The Council plans to discuss potential matched funding support with other regional stakeholders. IPW consultants have recommended an annual budget of £250,000-300,000 p.a. for an effective pilot project. Consequently, it is proposed that £250,000 is secured and that the Council underwrites the £125,000 match balance to the LEP budget, should it be unable to secure other external resources. The Council has already committed £30,000 to initial market research and will offer its time in administering payments as in-kind. Actual defrayal of the LGF funds may be later than that profiled in the Table 2 below, this depends on the timing of the events that have been secured.

## 2.14 Table 2: Budget Profile

<b>Funding Source</b>	<b>Total 2021/22</b>	<b>Total 2022/23</b>	<b>Total 2023/24</b>	<b>Total 2024/25</b>	<b>Total 2025/26</b>	<b>Total Lifetime</b>
<b>LGF (revenue)</b>	6,250	0	0	47,500	71,250	<b>125,000</b>
<b>Project match (tbc)</b>	6,250	0	0	47,500	71,250	<b>125,000</b>
<b>Applicant</b>	30,000	0	0	0	0	<b>30,000</b>
<b>Applicant (in-kind)</b>	0	0	0	2,500	2,500	<b>5,000</b>
<b>Total</b>	<b>42,500</b>	<b>0</b>	<b>0</b>	<b>97,500</b>	<b>145,000</b>	<b>285,000</b>

2.15 This scheme is unlike any other grant scheme supported by the LEP in that actual expenditure, other than early-stage project appraisal costs, is mostly being incurred in the medium term once the subsidised events take place. Whilst the commitment to award subvention will be made at the time of the event booking, it is likely that this will not be defrayed until 2-8 weeks prior to the event itself. The defrayal would either be via a direct grant paid to the relevant association, or 3rd party supplier.

2.16 **Table 3: Expenditure Profile**

Expenditure	Total 2021/22	Total 2022/23	Total 2023/24	Total 2024/25	Total 2025/26	Total Lifetime
Subvention Awards	0	0	0	85,000	127,500	212,500
Project Management/ and Evaluation 15%	12,500	0	0	10,000	15,000	37,500
Market research (IPW)	30,000	0	0	0	0	30,000
Fund admin. in-kind	0	0	0	2,500	2,500	5,000
<b>Total</b>	<b>42,500</b>	<b>0</b>	<b>0</b>	<b>97,500</b>	<b>145,000</b>	<b>285,000</b>

2.17 **In summary, the Board is recommended to support this pilot scheme with an award of £125,000 to Gateshead Council from the LGF legacy revenue budget subject to the following conditions.**

- 1) Submission of a pilot year evaluation report with recommendations, following consultations with key regional stakeholders, by 30 September 2022.
- 2) That Gateshead Council underwrites the 50% cash match of £125,000 should other match funding sources be unable to be secured by 31<sup>st</sup> March 2022.
- 3) That compliance with the prevailing UK Subsidy rules be confirmed for each subvention award with this reported in quarterly monitoring returns to the North East LEP.
- 4) In the unlikely event that the Newcastle Gateshead Quays CEC development does not proceed or is significantly delayed, that all grant payments be clawed back.
- 5) Provision of operational documentation in relation to the administration of the Fund and finalised partnership delivery arrangements between Gateshead Council and NGI.

2.18 **North East Inward Investment Grant – Budget and operational variations**

2.19 **Introduction**

In 2019 the Board approved the establishment of a North East Inward Investment Grant (NEIIG) scheme with £2m LGF (grant) and £8m NEIF (loan) to support the Invest North East England (INEE) team in their efforts to secure new inward investment projects to the region. Subsequently, in 2020, £500,000 of the LGF budget allocation was withdrawn to support expenditure targets within the wider LGF programme, when it appeared that the money may not be spent in time.

2.20 NEIIG was targeted at ‘game changing’ projects with a grant of between £1 and £5m, with the amount available depending on total investment value, the size of the company, the number and quality of jobs created (minimum of 100 new jobs). The one project supported to date, Just Eat co.uk, in Sunderland has been awarded £1.5m in LGF grant and is creating over 1,226 new jobs.

2.21 Take up of the NEIIG to date has been subdued, partially due to Brexit and more recently COVID has dampened investment and serious investment enquiries. However, demand is now increasing, particularly with good quality enquiries, and inter regional / international competition is high for mobile investment including in the SEP sector priority areas.

- 2.22 INEE has been receiving increased levels of offshore wind supply chain enquiries over the past six months. In addition to its core website <https://investnortheastengland.co.uk/>, INEE has a website dedicated to the Region's offer to energy companies which is currently being updated to provide more of a focus on renewable energy: <https://investnortheastengland.co.uk/energy-gateway/energy-gateway-north-east-england/>. The proposed amendments to fund operational guidelines outlined below are recommended in part, with a strong offshore wind manufacturing company enquiry in mind, where sites in the region have been short-listed and negotiations are ongoing. In September 2021, INEE also launched a specific northshoring campaign aimed at attracting business services and digital technology companies from London and the South East: <https://investnortheastengland.co.uk/move-on-up/>.
- 2.23 The current NEIIG scheme is structured on a model where the funding to the beneficiary company would be in the form of a grant, however, the way that the grant would be financed is potentially complex. As first envisaged, 20% of any grant would be funded through LGF grant. The remaining 80% would be funded through NEIF. This NEIF element would be paid back to the LEP by:
- the 'host' local authority, over an agreed period, through revenue generated through accelerated business rate receipts.
  - through enterprise zone business rate income.
- 2.24 This means that typically the grant fund would only really be fundable for projects that involved a new build, generating significant additional business rates. It would also depend on the local authority agreeing to forego a significant amount of business rate income to service the NEIF loan element of the grant.
- 2.25 This current funding mechanism also creates problems when discussing grants with clients, as the availability of grant is usually dependent on the local authority agreeing to re-pay NEIF, so no real clarity can be offered to the client, particularly early in the discussion. This leads to a superficial discussion with real lack of clarity with the client which is far from ideal when negotiating with a mobile investor.
- 2.26 In the immediate short-term, the Board is being asked to make a few operational adjustments, ahead of a more detailed report planned for January 2022. It is proposed that this follow-on report sets out the case to potentially use EZ surpluses to boost the NEIIG grant budget by £5m and updates on the latest national policy position on the role of inward investment in 'Levelling Up' and the implications of the new UK Subsidy legislation. This report will also include an analysis of investment enquiry trends. Immediate operational changes to overcome the constraints experienced with the current arrangements and with regards to ongoing inward investor negotiations are:
- 2.27
- To re-install £500,000 from LGF programme balances.
  - To reduce the minimum grant award threshold from £1m to £0.5m
  - To replace the minimum new jobs threshold of 100 with a more discretionary approach, that allows the Investment Board, in exceptional cases, to support projects delivering fewer direct jobs but where there is the prospect for significant 'follow on investment' and/or significant regional indirect economic benefits and/or policy benefits including accelerating investment on EZ sites and improved Business Rates income.
  - To reduce from £8m to £4.5m the NEIF loan – with this sum kept as a contingency until a further the budget review in January 2022.

**This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.**

- 2.28 Reflecting the above revisions, and also performance to date, there is a need to update the current funding agreement. Table 4 sets out a revised budget profile. This, together with KPI targets will be reviewed again in January 2022 when it is planned to come back to the Board.

**Table 4: NEIIG Revived Funding Profile**

Eligible Funding (£)	2021/22	2022/23	2023/24	Total
LGF	1,500,000	200,000	300,000	2,000,000
NEIF*	0	0	4,500,000	4,500,000
Private sector leverage	8,883,000	39,675,000	47,453,000	96,011,000
<b>Total</b>	<b>10,383,000</b>	<b>39,875,000</b>	<b>47,453,000</b>	<b>102,251,000</b>

\*NEIF retained as a contingency, until the further scheme review in January 2022.

- 2.29 The Board is being asked to support the recommendations set out below and to receive a further update in January 2022 by which time there may be further Government detail on the role of inward investment in the 'Levelling Up' agenda; clarity on national funding for inward investment and a final version of the UK Subsidy Bill. The outcome of consultations with regional stakeholders planned for September/October on EZ surpluses will also inform the proposal to add grant funds to boost the NEIIG.

2.30 **The Board is recommended to agree:**

1. To the reinstalment of £500,000 from uncommitted LGF programme legacy balances, into the NEIIG to bring the total grant element of the fund back to the original £2m, to provide confidence in current negotiations with prospective investors.
2. Variations in profiled funding in Table 4, noting that these will be further reviewed in January 2022.
3. A reduction in the current £8m NEIF loan allocation from £8m to £4.5m, with a further review of this budget commitment in January 2022.
4. To support the principle that a £5m grant is added into the NEIIG, subject to regional stakeholders supporting the use of EZ surpluses for this purpose, and final Board approval of an updated business case in January 2022.
5. To change current policy on a) the minimum scale of investment from £1m to £0.5m b) to support projects creating less than 100 jobs in exceptional circumstances, with a more detailed operational policy review to be agreed in January 2022.

**3.0 Part B – Decisions taken under Delegated Authority**

- 3.1 The following project funding decisions have been taken under delegated authority since the last Board meeting.

3.2 Table 5: Delegated Decisions between 15 July and 21 September 2021.

Project	Applicant	Grant /Loan amount	Date of decision	Decision maker
<b>Battleship Wharf, Blyth Estuary</b> - construction of a heavy haul link between the new berth being created at NEP 1 and the berths at Battleship Wharf to improve access to meet future demand.	Port of Blyth Authority	£1,250,000 GBF grant	16/09/21 Approved	Investment Board
<b>Ashwood Business Park</b> - highway, servicing and environmental cost increases to planned infrastructure works, totalling £985,270 and increasing the EZ contribution up to £3,561,446.	Advance Northumberland	£985,270 EZ borrowing	16/09/21 Approved	Investment Board
<b>Panther Court, Drum Ind. Est. County Durham</b> - enabling works & construction of 154,000 sq. ft of industrial units with total cost c17.3m.	Arbucc (Drum) Ltd	£965,585 GBF grant/ NEIF contribution	16/09/21 Approved	Investment Board
<b><i>Project Development Pipeline Accelerator Call 1 outcome</i></b>				
<b>South Shields campus relocation</b> (design & project management support)	Tyne Coast College –	£150,000 grant	16/09/21 Approved	Investment Board
<b>Collaboration of Digital Expertise</b> (CODE) to address digital exclusion in the North East LEP area	North East LEP Skills Team.	£55,000 grant	16/09/21 Approved	Investment Board
<b>Biosphere 2</b> , study into second office/labs development on The Helix.	Newcastle City Council	£70,000 grant	16/09/21 Approved	Investment Board
<b>North East Life Science Manufacturing and Innovation Zone.</b>	North East LEP Business Growth Team	£52,500 grant	16/09/21 Approved	Investment Board
<b>South of Tyne and Wear Metro Loop</b> (Leamside Line Reopening): Business Case Development	Transport North East	£70,000 grant	16/09/21 Approved	Investment Board

This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.

<b>A19 North of Tyne</b> Improvements including Moor Farm Roundabout to support strategic housing and employment sites.	North Tyneside Council	£80,000 grant	16/09/21 Approved	Investment Board
<b>North Bank of Tyne Development Plan</b> – focussed on Wallsend and development of potential future LUF bid.	North Tyneside Council	£120,000 requested (reduced amount to be offered)	16/09/21	Investment Board
<b>Newcastle Airport Air Cargo Route Development Project</b> – USA route research.	Newcastle Airport	£150,000 requested (reduced amount to be offered)	16/09/21	Investment Board
<b>Coastal Tourism Offer</b> – project development to inform potential future LUF bid.	North Tyneside Council	£140,000 requested (reduced amount to be offered)	16/09/21	Investment Board
<b>Integrated Smart Grid Laboratory</b> – Initiation programme. Collaborative initiative with 4 pilot projects with several regional bodies.	North East LEP	£50,000	16/09/21 Declined	Investment Board

#### 4.0 Part C – Funding Programmes roundup

##### 4.1 Local Growth Programme (LGF) Overview

##### 4.2 Update on Lifetime Budget balance

4.3 The uncommitted balance of £702,518 has increased in the past quarter due to further reported underspends. These are:

- £100,000 on EV charging infrastructure project.
- £11,000 on E4G programme.
- £14,270 on the Health and Life Sciences mini programme.

The revised uncommitted balance is £827,000.

There are currently two proposals set out in this report that are seeking between them £625,000 from this balance – the North East Inward Investment Grant (£500,000) and North East Business Event Subvention Fund (£125,000). Subject to both requests being approved by the Board, then

**This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.**

the revised balance is £202,000. It is proposed to retain this sum as a contingency and to review later in the financial year.

#### 4.4 2021/22 Budget Forecast

As previously highlighted to the Board, the projects with the largest spend forecast this year are: IAMP (£5.6m), Central Gateway, Newcastle (£2.8m), North East Inward Investment Fund (£1.5m), Jade Business Park (£1.2m) and East Pilgrim Street (£1m). In quarter 1 these projects collectively claimed only c£665k against their cumulative forecast of £11.6m for the year. None have revised their annual spend forecasts at this stage – they collectively remain the largest risk to achieving this year’s spend target. No significant projected underspend has been reported to date.

A refund of -£108,271.90 has been received on the Arches project, South Tyneside during quarter 1, giving a net quarterly expenditure of 2,094,024.

<b>Table 6: LGF Programme Budget 2021/22</b>		
<b>LGF legacy funds</b>	<b>Q1 Actual</b>	<b>2021/22 Forecast</b>
revenue	£630,311	<b>£1,360,000</b>
capital	£1,463,713	<b>£16,470,000</b>
<b>Total</b>	<b>£2,094,024</b>	<b>£17,830,000</b>

#### 4.5 LGF and EZ Programme Interim Programme Evaluation

4.6 Independent economic consultants, Steer ED are presenting to this Board meeting the draft highlights from their LGF and EZ programmes interim evaluation report. Following on, it is planned to finalise their report in early October and to share this with MHCLG.

#### 4.7 LGF Programme KPIs Qtr. 1 2021/22

4.8 A summary of the main KPIs being monitored this year is set out below in Table 7. There are no general concerns with regards to the profiled annual targets being achieved at this stage. A growing number of projects are now required, due to being financially completed, to report performance figures annually. Therefore, the qtr. 1 figures shown will understate the true position at this time on several KPIs.

4.9

<b>Table 7: LGF Programme - KPIs</b>	<b>21/22 Forecast</b>	<b>Qtr. 1 Actual</b>
Gross Jobs	1949	153
Number of apprenticeship/traineeship opportunities created	110	17
Number of established / new businesses accommodated	56	0
Commercial Floorspace Constructed (m2)	27413	0
Commercial Floorspace refurbished (m2)	7468	0
Site reclaimed, re- developed or assembled (ha)	27.1	9.41

This report is confidential as it contains commercial information relating to the financial or business affairs of a particular person or organisation and is not for wider circulation.

Follow on investment on site	£68m	£0.711m
New build training/learning floorspace (m2)	3,636	75
Number of learners at NVQ Level 3	126	0
Number of business receiving non-financial support	261	85
Number of business receiving financial support	67	23
Length of newly built /improved roads / cycleway(km)	2.8	4
Research and Development facility floorspace (sqm)	0	0
Improved public realm/ green spaces (sq m)	115,478	20,560
Construction Jobs	300	21

## 5.0 Getting Building Fund (GBF)

5.1 Latest project forecasts indicate that this year's budget of £23.5m plus the underspend from 2020/21 (taken up by temporary funding swaps) will be claimed. However, recent discussions with several projects suggest some LEP match slippage into quarter 1 2022/23. At this stage it is expected that circa £3.0m LEP (NEIF) match should cover any slippage, though this is likely to increase later in the year. The goal remains to fully defray the lifetime GBF budget of £47m by 31 March 2022. Front ending expenditure against GBF grant before matched funds will assist the achievement of the grant spend target. The quarter 1 GBF expenditure total of £2,611,448 was below forecast.

5.2

<b>Table 8: GBF Programme Budget (£)</b>						
<b>Funding Source</b>	<b>2020/21 Actual</b>	<b>2021/22 Qtr. 1 Actual</b>	<b>2021/22 Qtr. 2-4 Forecast</b>	<b>2021/22 Total Forecast</b>	<b>2022/23 Forecast</b>	<b>Forecast Lifetime Total</b>
GBF capital	9,551,758	2,611,448	34,836,794	37,448,242	0	<b>47,000,000</b>
Temporary funding swaps	13,948,242	0	(13,948,242)	(13,948,242)	0	<b>0</b>
LEP NEIF match	0	0	2,961,796	2,961,796	3,000,000	<b>5,961,796</b>
<b>Total</b>	<b>23,500,000</b>	<b>2,611,448</b>	<b>23,850,348</b>	<b>2,646,1796</b>	<b>3,000,000</b>	<b>52,961,796</b>

5.3 The Investment Board on 16 September 2021 approved the two remaining pipeline projects – Panther Court, the Drum Industrial Estate (within the CIPF pilot programme) and the Battleship Wharf scheme at the Port of Blyth.

5.4 Since their approval, many projects have confirmed delays to completion dates, some by a few weeks and others by several months. Few will be fully completed by 31 March 2022. All but one is programmed to be fully physically complete by December 2022 at the latest. Reasons for delays are mainly associated with challenges in the construction market – increased prices and delays in the supply of materials. It is understood that other GBF programmes across England are similarly experiences delays for these reasons.

## 5.5 GBF Programme KPI Targets for 2021 /22

5.6 There are limited KPI target outcomes in the current year as most projects will still be in the construction phase until the end of the March 2022 or beyond. However, it is now likely that there will be slippage against several targets into 2022/23 due to delays to building completion.

5.7

<b>Table 9: GBF Programme KPI Targets</b>	<b>Total 2021/22 Forecast</b>	<b>Qtr. 1 Actual</b>
Gross Jobs	88	-
Number of apprenticeship/traineeship opportunities created	0	-
Commercial Floorspace Constructed (m2)	11,910	-
Commercial Floorspace refurbished (m2)	0	-
Site reclaimed, re- developed or assembled (ha)	0	-
Follow on investment on site	0	-
New build training/learning floorspace (m2)	1137	-
Number of business receiving non-financial support	151	-
Length of newly built /improved roads / cycleway(km)	2.7	-
Research and Development facility floorspace (sqm)	4,292	-
Improved public realm/ green spaces (sq m)	20,150	-
Construction Jobs	1220	143

## 6.0 Enterprise Zone Update

6.1 The latest update on capital expenditure on Enterprise Zones to be undertaken this year showed a reduced level of expenditure of £12.380m compared with a previous estimate of £21.350m. Most of the delay relates to large projects including Holborn 1, Jade and IAMP which are claiming LGF grant support first before undertaking EZ account supported borrowing. The slippage of capital expenditure is now expected to take place in 2022/23. The slippage reduces borrowing costs in the current year.

6.2 In terms of the Enterprise Zone revenue account for this current year, the position is positive with a reduction in capital financing and other costs and the potential for increased income. In particular good progress has been made with the construction of a large factory on the Follingsby site, which is due to open shortly. No account had been taken of the potential for business rate income relating to this building in current year, so this will result in additional income when the business rates are received. The estimated annual surplus this year is therefore likely to significantly exceed the estimate of £0.617m. The use of the EZ surplus this year is also likely to be lower than expected, which will increase the level of the cumulative EZ surplus at the year end. An updated projection of costs, income and surplus will be provided in the report to Board in January 2022.

## 7.0 Project Accelerator Pipeline Development Fund – Update

7.1 Further to the last Board meeting, Project Call Round 1 is now completed. 10 projects submitted proposals seeking a total of £937,000, adding to the 4 projects previously supported under the 'urgent project' stage that received £471,000. Consequently, this resulted in a £534,000 overbid against the indicative Round 1 budget of £1m. The Investment Board has agreed to bring forward £250,000 from the £1m allocated for a second call to help meet demand in Round 1. This has enabled the six highest scoring projects to be fully funded and another three applications to be funded at a reduced grant level, subject to further discussion with applicants and delegated approval by the Chief Executive. These awards are set out in Table 5 in Part B of this report.

7.2 A balance of £750,000 in 2021/22 remains for the Round 2 project call. Investment Board has agreed to a slight delay in the second call until after the CSR on 27 October and to delegate authority to agree its scope to the Chief Executive in conjunction with the Chair of the Investment Board. The intention is to issue the Round 2 project call before the year end.

## **8.0 Innovation Team – New Project Funding Application**

8.1 At its last meeting, the Board supported proposals from the Innovation Team to bid to secure external funds to deliver two new programmes of activity later in 2021/22 - Challenge North East and the Future Markets Acceleration Programme. The outcome of funding bids submitted into the UK Community Renewal Funds to deliver these are still undetermined. A bid was also approved into the NTCA for £500,116 to support a Challenge North East programme in 2021/22. This proposal has not been progressed.

8.2 However, in August, a new opportunity arose to submit a business case to the NTCA for open innovation challenge activity covering Newcastle, North Tyneside and Northumberland. Whilst delegated authority was granted by the Board in July to progress funding bids to deliver a short-term scheme until spring 2022, there is now an opportunity to deliver a more substantial project over a longer delivery period. Therefore, a re-worked proposition has been prepared to increase the project scope and significantly extend the delivery period to 30 June 2024. The Board is asked to note the submission to the NTCA Investment Fund a bid for £1,291,571 against a total project cost of £1,359,548 and to enter into service level agreements with delivery partners.

## **9.0 Recommendations**

9.1 **The Board is recommended to:**

- i) Approve £125,000 revenue grant from the LGF programme balances to Gateshead Council towards the North East Business Event Subvention Fund pilot project with conditions as detailed in para. 2.17.
- ii) Approve an additional £500,000 grant from the LGF programme balances to the North East Inward Investment Grant (NEIIG) scheme; and agree to the operational policy amendments as set out in para 2.30; and, following stakeholder consultations, receive a detailed report with a case to add an additional £5m from EZ surpluses in January 2022.
- iii) Note the submission of the Innovation Team funding submission into the North of Tyne Challenge initiative for £1,291,571 and if successful to enter into a grant funding agreement and service level agreements with delivery partners, as set out in paras 8.1 and 8.2 above.
- iv) Note the funding decisions taken under delegation in Part B, Table 3 between 15 July and 21 September 2021.