

Overview and Scrutiny Committee

7 December 2021

(10.30 am - 12.10 pm)

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

Approved Minutes

Present:

Councillors L Bowman, M Hall, J Hunter, L Bowman, G Stone, J Beynon and R Higgins

22 WELCOME AND INTRODUCTIONS

K Christon (Democratic Services) opened the meeting and invited committee to appoint a Chair for the meeting, in the absence of the committee Chair or Vice-Chair.

Councillor Hunter was nominated and seconded for the position of Chair for the meeting.

RESOLVED – that Cllr Hunter be appointed as Chair for the meeting.

23 APOLOGIES

Apologies for absence were received from Cllr Seymour (Cllr Beynon attending as substitute), Cllr Wright (Cllr Higgins attending as substitute), Cllr Scott, Cllr Kirwin and Cllr Fairlie.

24 DECLARATIONS OF INTEREST

None.

25 AGREE THE MINUTES OF THE MEETING HELD ON 12 OCTOBER 2021

The minutes of the meeting held on 12 October 2021 were agreed as an accurate record.

NORTH EAST LOCAL ENTERPRISE PARTNERSHIP - STRATEGIC ECONOMIC PLAN UPDATE

The committee received a report from H Golightly, Chief Executive, of the North East LEP on the Strategic Economic Plan (copy attached to the Official Minutes).

H Golightly introduced the report commenting on: the status and independence of the North East LEP and role of the local authority as the accountable body; and progress toward the priorities outlined in the Strategic Economic Plan, the five programme areas and the Annual Delivery Plan. Reference was also made to the Regional Economy Group, established in response to the pandemic and which included wide membership from the Combined Authorities, universities, CBI and local business.

H Golightly then responded to questions/comments received from members and the following points were noted:

- Better quality jobs were identified through occupational codes and refer to jobs at managerial, professional or technical level. The target for better quality jobs was 70% and to date just over 100% had been achieved.
- It was anticipated that job targets would be achieved by 2024, subject to the impact of the pandemic. To date 70,000 new jobs had been created against a target of 100,000.
- The term 'levelling up' also applied within the region and to support this the LEP employed approximately 30 staff who provided day-to-day delivery to support skill development from early stage through to employment.
- Skills activity had an 'each and every child' approach and included work with 150 secondary schools on careers advice and guidance. A pilot had also taken place in primary schools.
- Detailed analysis of data and evidence was carried out to compare the region's position to that nationally. This was particularly important when bidding for funding and in order to ensure resources were focused where they were most needed.
- The North East LEP did not manage EU funding but had been instrumental in securing funding in 2014. It was anticipated that the Levelling Up White Paper would provide clarity on the detail of the Shared Prosperity Fund, although this was not expected to be at the same level as Local Growth Deals or previous EU funding.
- In respect of priorities beyond 2024, it was expected that the Levelling Up White paper would provide context on what would be expected. Internal work had started to take place including discussions with the Regional Economy Group and data and evidence would be analysed to determine the position of the region against a number of indicators. The next plan would cover a period of 15 years but was unlikely to provide a significant change in direction, however there may be a need to give some focus to sectors that had suffered the greatest during the pandemic.
- Investment in the East Coast Mainline was still expected, but this would not be at the same level as that proposed through high-speed rail. The North East LEP worked closely with Transport North East but was not directly involved in transport related matters.

- Digital inclusion was recognised as vital, including access to the internet in rural areas. The North East LEP would continue to highlight to government the importance of investment in rural and hard to reach communities but had no role beyond that.
- In respect of supporting business growth and providing business support, government funding had been provided to establish a growth hub, including an online platform that brought together all business support organisations for businesses to easily access. A small team was employed to provide one-to-one support to businesses, alongside mentoring, peer support and leadership programmes.
- The North East LEP coordinated a Tourism Group, which operated at a strategic level and considered where additional value could be added. Highlighting the qualities of the region as a great place to live and work was particularly important in attracting inward investment.
- R Hamilton advised that the Combined Authority worked closely with the North East LEP team to attract tourism to the region and currently proposals were sought from tourism organisations for new products in response to opportunities that might emerge from the low carbon agenda.

The Chair thanked H Golightly for attending and responding to the committee's questions.

RESOLVED that the report be noted.

27 **CABINET MEMBER UPDATE**

Committee received a report from Cllr Johnson, Cabinet Member for Investment and Resources, which provided an update on the work and plans for his portfolio area (copy attached to the Official Minutes).

The Chair noted apologies for absence from Cllr Johnson and advised that he had offered to attend a future meeting should committee require.

R Hamilton, Chief Economist, introduced the report and referenced: the remit of the portfolio; delivery of the North of Tyne Investment Programme, including examples of the range and diversity of projects supported; the level of jobs created or safeguarded; inward investment by organisations who had also considered other locations; and the portfolio holder's role in oversight of the Investment Programme.

Responding to points raised earlier in the meeting, reference was made to the challenges of broadband connectivity by rural residents and the £12m government funding that had been secured to provide for fibre infrastructure between public buildings in Northumberland from which connections could then be made to local residents and businesses.

R Hamilton then responded to questions/comments received from members and the following points were noted:

- Care was taken to avoid double counting jobs created. However, it was acknowledged that jobs evidenced as safeguarded or created through support provided by the combined authority, would also appear in the overall figures published by ONS and recorded by the North East LEP.

- The region needed more highly skilled jobs, but also to create jobs and opportunities across the skills and wage spectrum.
- The North Sea Weekender event was a combined authority funded project - approximately £30,000 – which provided a range of activities on the coast and sought to attract new visitors and to raise the profile of the area.

The Chair noted that the event had been included on the front page of the Sunday Times.

- It was suggested that once individuals came to the North East for work, they tended to stay. However, the region was not as good as other areas in attracting individuals in the first place. A project would be launched shortly in conjunction with a number of companies in the tech sector to promote the region and its relocation opportunities, both in respect of finding a first job but also the opportunity to develop a career.

The Chair thanked R Hamilton for attending and responding to the committee's questions.

RESOLVED that the report be noted.

28

INVESTMENT FUND UPDATE

Committee received a report from R Hamilton, Chief Economist, which provided an overview of progress of the NTCA Investment Fund and the Covid-19 Capacity Fund, as requested by the committee (copy attached to the Official Minutes).

R Hamilton introduced the report commenting on: the progress that had been made on delivery of the Investment Fund Capacity Fund; rapid deployment of grant funding through the Covid Capacity Fund to support community organisations, businesses and individuals; the number of jobs expected to be created and safeguarded; and examples of projects that had been supported to deal with specific challenges including access to equity style finance for businesses at early and growth stages and support for development of high streets in response to long term trends.

R Hamilton then responded to questions/comments received from members and the following points were noted:

- There was no indication that further support financial support would be provided by the government to deal with future issues arising from the ongoing pandemic situation, but the combined authority would be prepared to deal with them if they arose, and future support would be based on previous learning and evaluation of the current programme.
- Where Covid had resulted in a direct impact on project delivery, the combined authority had worked with projects to re-profile activity or consider alternative delivery options.
- It was acknowledged that support would not prevent the change in shopping habits and impact this has had on high streets. The combined authority would work with local authorities and would take national evidence and best practice, to

make the best use of the limited funding available. Intervention would include activity that had a long term and sustainable impact and examples might include alternative uses for empty properties or pilot activity to support small independent retailers to become established or test new business ideas.

RESOLVED – that the report be noted

29 **2021/22 QUARTER 2 NTCA BUDGET MONITOR REPORT**

Committee received a report from J Gillespie, Chief Finance Officer, which presented the second quarter monitoring report on the 2021/22 NTCA financial position (copy attached to the Official Minutes).

K Laing, Strategic Finance Manager, introduced the report indicating that the budget reflected the capacity required to deliver the investment funding, plus support services and accommodation. Reference was made to:

- an increase in staffing, which had been fully funded through investment fund workstreams and reflected the capacity needed to deliver the programme;
- a one-off contribution from the Mayoral Capacity Fund, the balance of which had been set aside for election costs in 2024;
- expenditure through the Investment Fund, which was expected to increase in line with project profiles;
- £12m expected expenditure of the Brownfield Housing Fund to deliver housing on brownfield sites; and
- an expectation that the £22m Adult Education Budget would be achieved.

K Laing, J Gillespie and R Redfern then responded to questions/comments received from members and the following points were noted:

- The papers should indicate a £600,000 balance from the Mayoral Capacity Fund, which would be held in reserve for the 2024 election as there was no government contribution toward costs incurred in holding the election.
- There had been no inflationary increase to the Investment Fund allocation from government.
- Covid had limited direct impact on the combined authority. However, projects had reported difficulty with recruitment and this was being risk monitored, particularly in respect of providers funded through the Adult Education Budget, where it was a challenge for them to change their delivery.
- During the pandemic staff productivity at the combined authority had remained high and this was being monitored to ensure staff did not work long hours.
- The investment fund allocation from government would not take account of inflation and new and innovative ways of delivering the fund within the financial envelope would need to be considered.
- The Brownfield Housing Fund had been overprogrammed to offset the late allocation to the combined authority in 2020. £5m had been carried forward from year 1 into year 2 and there was a good pipeline of projects and level of project expenditure.

The combined authority would seek to ensure a good working relationship with government departments to maximise the opportunity for flexibility in funding, to ensure that all resources could be spent.

RESOLVED - that the report be noted.

30 **2022-2026 NTCA BUDGET PROPOSALS**

Committee received a report from J Gillespie, Chief Finance Officer, which presented the initial draft budget for the North of Tyne Combined Authority for 2022-23 and the medium-term financial plan for the period 2023-24 to 2025-26 (copy attached to the Official Minutes).

J Gillespie introduced the report indicating that the budget included a refresh of proposed investment and any assumptions that had been made, including the impact of inflation on projects. These were risk monitored and variations made where needed.

Responding to a query, J Gillespie confirmed that in respect of the Transport Levy, the combined authority's role was only to collect the levy and pass it on and agreed that officers would consider how this could best be described in the budget papers.

The Chair highlighted that the committee had the opportunity for further discussion on the budget proposals, including to hear feedback from the consultation, at a budget workshop in January.

RESOLVED – that the report be noted.

31 **DATE AND TIME OF NEXT MEETING**

Noted as 8 February at 10:30am, venue to be confirmed.