

Overview and Scrutiny Committee

Tuesday 29 June 2021 at 10.00 am

Meeting to be held: Banqueting Hall, Civic Centre, Newcastle upon Tyne, NE1 8QH.

Due to social distancing limits, observers must give 2 working days notice if they wish to attend and provide contact details.

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AGENDA

| | Page No |
|--|---------|
| 1. Appointment of Chair and Vice Chair | |
| 2. Apologies for absence | |
| 3. Declarations of Interest | |
| 4. Agreement of the minutes of the meeting held on 23 March 2021 | 1 - 8 |
| 5. Committee work programme for 2021/22 | 9 - 12 |
| In attendance: Elizabeth Kerr, Principal Governance and Scrutiny Manager | |
| Attached: Report | |
| 6. COVID-19 Recovery update | 13 - 16 |
| In attendance: Dr Henry Kippin, Managing Director | |
| Attached: Report | |

7. **NTCA Annual Report and Corporate Plan** **17 - 44**
In attendance: Dr Henry Kippin, Managing Director
Attached: Report
8. **2020/21 Outturn Report** **45 - 76**
In attendance: Katy Laing, Strategic Finance Manager
Attached: Report
9. **Co-production working group report** **77 - 84**
Attached: Report
10. **Date and Time of next meeting**
10:30am, Tuesday 12 October 2021 (venue tbc)

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Overview and Scrutiny Committee

23 March 2021

(10.00 am - 12.20 pm)

The meeting was held remotely and live streamed.

Draft Minutes

Present:

Chair: Cllr G A Roughead
Vice Chair: Cllr L Wright
Councillors S Fairlie, A Lower, L Dunn, P Earley, S Graham, M Hall,
G Stewart

103 WELCOME AND INTRODUCTIONS

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

It was noted that Cllr Liz Dunn, Northumberland County Council had replaced Cllr Dungworth as the appointed committee member. Cllr Dungworth was now the substitute member.

104 APOLOGIES

There were no apologies for absence

105 DECLARATIONS OF INTEREST

None

106 AGREE THE MINUTES OF THE MEETING HELD ON 9 FEBRUARY 2021 FOR APPROVAL

RESOLVED – that the minutes of the meeting held on 9 February 2021 were agreed as a correct record and signed by the Chair via email.

107 **CABINET MEMBER PORTFOLIO UPDATE****(a) Place and Productivity**

Cllr Sanderson had previously provided a briefing note, a copy of which was circulated and attached to the Official Minutes.

Cllr Sanderson provided a verbal update on the Culture, Creative and Tourism element of the Place and Productivity portfolio highlighting the following points:

In January 2020, Cabinet agreed an allocation of £6m up to 2023 for a culture and creative programme and an indicative ten-year Tourism and Events programme allocation of £15m, with an initial budget of £3.5m for the first phase up to 2023.

The impact of the COVID-19 crisis on the sector has been extreme and has highlighted the need to stabilise the sector before it is realistic to expect growth opportunities. The purpose of the Culture and Creative Programme is to support and stabilise the sector during recovery as the Culture and Creative and Tourism sectors in the North of Tyne area are important to support recovery and growth.

Cllr Sanderson highlighted forthcoming events such as the Rugby World Cup Culture wrap around, the North of Tyne Fringe Festival, The Lindisfarne Gospels and the Hadrian's Wall 1900th anniversary.

Cllr Sanderson referred to the concerns shared within local communities, particularly rural Northumberland, where tourism is welcomed but issues still remain, such as, adequate parking and public roads, which are mainly narrow and not suitable for large numbers of traffic.

Cllr Sanderson responded to comment/questions from Members which included:

- A member welcomed the events programme and emphasised the social and mental health benefits to the local community as well as visitors and asked how events can be promoted locally as well as regionally and nationally. Referring to the anniversary celebration for Hadrian's Wall in 2022, it was stated that planning for events should ensure that all communities along the Wall will be involved. In responding Cllr Sanderson confirmed that all communities will be involved. H Kippin advised that the North of Tyne recognises the economic benefits and the boost in creativity. He drew attention to the three types of events; major large scale events with international status which attract large audiences; signature events which raise the national profile and attract visitors and anchor events, home grown and community led.
- Responding to a question regarding support for communities and businesses, H Kippin advised that support for events will be developed with local authority partners and will be developed using a phased approach. Members were directed to section 2.1.8 of the report, where details of the sequence of events could be found. H Kippin also advised that restart and regrowth will be carried out in accordance with the national road map. and more details can be shared when plans are confirmed.

- Reference was made to the objectives which it was felt were aspirational rather than real targets. Residents want to be informed of the steps that will regenerate communities . The Lindisfarne Gospels were cited as an event that will probably be exhibited in Durham and Newcastle but will not be available to those who live in towns such as Berwick. There will be many who do not have the means to travel to the two cities.
- A member welcomed the programme and agreed with the comments to create a viable cultural programme that has the power to improve people's lives. It was suggested that instead of holding events over weekends they be spread out across seven days making them more accessible for all. Cllr Sanderson agreed that health and wellbeing is important and opportunities should be provided to allow as many people as possible to attend events.
- A comment was made about the costs of tickets for large theatres which are not affordable for many people. This could be compensated by involving as many residents as possible to grass roots local events. Cllr Sanderson agreed that this is an important issue and hopefully some events can be organised that involve no costs such as the North Tyneside Fringe Festival. There is also provision in the Culture and Creativity Fund to target local culture and creative infrastructure and support recovery at the grass roots level.
- Reference was made to spontaneous ways in which communities came together after the first lock down ended. Members were invited to come forward with suggestions.
- Cllr Sanderson was asked if the three Culture and Creative Zones will be spread across the three local authority areas or be more localised, given that there are diverse differences in each area, all with their own cultural events. Reference was also made about the status of the Combined Authority being recognised as the rural champion for England and, whether there is any likelihood of arranging a tour of the Lindisfarne Gospels, creating more opportunities for the viewing public. In response Cllr Sanderson explained that due to the condition of the gospels, national importance and security issues, a tour is not possible. He also advised that the three local authorities work very well together and collectively promote the Combined Authority area, investing considerable funding. Also, in attending today's meeting, Cllr Sanderson recognised the importance of involving local members. H Kippin responded with information on the Culture Creative Zones, which are sector and place based, explaining that each local authority will better understand the geographic diverse cultures and have the knowledge and experience of how to involve local communities. Referring to the status of the Combined Authority as a rural champion for England, H Kippin advised that further information can be provided to the committee in respect of other components of the Place and Productivity portfolio, such as the off shore clean growth and the rural exemplar elements.

The Chair thanked Cllr Sanderson for attending and addressing the meeting.

RESOLVED – that the Overview and Scrutiny Committee noted the report.

108 **EDUCATION IMPROVEMENT UPDATE**

Cllr Dodd had previously provided a briefing note, a copy of which was circulated and attached to the Official Minutes.

Cllr Dodd gave a brief update on the progress of two significant projects within the Education Improvement portfolio; the Joint School Improvement Strategy and preparations for a North of Tyne Education Challenge.

The key points of the report were:

Despite school disruption due to the coronavirus pandemic progress has been made with the Joint School Improvement Strategy, including supporting schools and blended learning, helping young people to access apprenticeships information, good engagement with STEM and digital projects and continued work on the Newcastle United Futures project. Education Directors meet on a regular basis to share best practice. Officers of the North of Tyne Combined Authority met with the Regional Schools Commissioner and her team to discuss a collaborative approach to supporting our schools, alongside conversations around funding the Education Challenge. Following the meeting an opportunity was identified to develop a shared workplan which will align the strategy with incoming initiatives from the Department for Education. This shared workplan (incorporating input from LA lead education officers) is currently being drafted. Work will continue with government to negotiate the overall funding package to improve education with schools.

Cllr Dodds responded to comment/questions from Members which included:

- A member asked for an update if available, on career pathways, apprenticeships and Combined Authority support for blended learning, in particular for those children who are sent home because of COVID-19 outbreaks and need to access on-line learning. A Dougherty, Strategic Lead Education Challenge, responded to the two questions. With regards to apprenticeships the North of Tyne have been closely working with constituent authorities. Work has taken place on the website landing page with updated information about all apprenticeships and was now live. In terms of blended learning, Committee were advised that this will continue for some time. Officers are keen to ensure that best practice is followed through. There is an event in April for school leaders aimed at sharing best practice and capitalising on good work.
- A Dougherty responded to a further question about the landing page for the Apprenticeship Hub and advised that he will collate the relevant information and share with members
- A Member asked how education can be improved to enable clearer pathways for those students wishing to access further education especially as there are so many independent providers. Reference was also made to the national shortage of physics and maths teachers. A Dougherty gave a brief update on recruitment problems that may have existed pre COVID-19 which is why

recruitment and retention has been identified within the Joint School Improvement Strategy, and the work undertaken by the Department for Education who are looking at support for early careers maths teachers.

- Reference was made to young people Not in Education, Employment or Training and the fact that COVID-19 has significantly increased this problem and whether there is any targeting to try and re-engage the young people, such as, enabling access to training and skills. Cllr Dodd explained that there is a big backlog in providing opportunities for young people Not in Education, Employment or Training which is further exacerbated by the numbers of businesses that are still closed and staff furloughed. H Kippin explained that there is an Education Improvement Strategy outlined in the report with a distinct element to continue dialogue with the Department for Education and the government to secure funding to improve education. He also referred to the various work programmes to support young people such as Kick Start and youth hubs which are ongoing. The North of Tyne have received additional funding for Level 3 courses. A follow up question was asked regarding the core group of young people Not in Education, Employment or Training due to COVID-19, who may feel disenfranchised. How will they be contacted to encourage and support a return to education or training. P Hanson presented a graph of 16/17 year olds currently Not in Education, Employment or Training, detailing the slight increase during the current academic year. The Combined Authority are working to opening communications with young men through the use of football, basketball and other activities and interaction with employers to provide opportunities for young people. Committee heard that the end of furlough will have a disproportionate impact on young people.
- Referring to the Joint Improvement Strategy, a member asked if there has been any communication with other Combined Authorities to look at and/or share best practice and implement in the North of Tyne area. A Dougherty explained that with respect to the Education Challenge, Officers had looked at similar initiatives such as the London Challenge and similar work undertaken in Manchester.
- Reference was made to engagement with stakeholders. Cllr Dodd was asked if the 250 education professionals consulted on the strategy was a fair percentage reflection of stakeholders across the North of Tyne, including the rural areas. P Hanson confirmed that officers have engaged with stakeholders across the geographic North of Tyne area.

The Chair thanked Cllr Dodd for attending and addressing the meeting.

RESOLVED – that the Overview and Scrutiny Committee noted the report.

109 **COVID-19 NTCA RESPONSE AND RECOVERY PLANS**

Submitted: Report of the Director of Economic Growth (previously circulated and a copy attached to the Official Minutes).

H Kippin gave a presentation on Covid-19 Response and Recovery, outlining the national road map to ease out of lock down and work undertaken to support COVID-19 response and recovery in the region, including the delivery of projects; the vaccination programme; the resumption of trading; a regional road map; and additional announcements specific to the wider North East such as devolution of Whitehall departments, new funding streams, Re-Statement of Intent on Transport; post budget and a re-cap of North of Tyne programmes and major investments.

The following key comments and questions were then raised in discussion:-

- A Member referred to the creation of a Freeport in the Tees Valley Combined Authority and Treasury North which will be relocated to Darlington and asked if there were any other major inward investments in the pipeline. In response H Kippin explained that some decisions were disappointing especially as Leeds and Newcastle were announced as possible locations. Officers are actively negotiating with government on the Comprehensive Spending Review submitted last year for £1.1b worth of initiatives for the North of Tyne.
- A Member commented that the North of Tyne is a resilient authority and asked if the Combined Authority has small projects that can be implemented immediately as and when funding is available. In response H Kippin confirmed that the Combined Authority are building a pipeline of investment projects such as clean energy, green growth and off shore, in readiness for accelerated government funding. He also explained that the North of Tyne wanted to ensure that there were enough incentives to attract investment in the region such as the Ports of Blyth and Newcastle and the airport. Members heard that active enquiries have been received in respect of inward investment for the sites and the region is well placed to follow through on incentives within the port scheme.
- A Member referred to the COP 26 Conference (the 2021 United Nations Climate Change Conference) and asked if there were any plans to showcase the North of Tyne Climate Change agenda at the conference, providing an opportunity to promote the region and attract inward investment. H Kippin gave a summary of what the North of Tyne are doing at the conference fringe events. Officers will be working with colleagues to collectively showcase the Combined Authority region. Members heard that the Mayor of the North of Tyne is working with other Mayoral Combined Authorities and Core Cities to agree a joint approach. The conference provides a great opportunity. Officers are in negotiation with partners to showcase a climate summit supported by statement of intent on subjects such as clean energy and green growth.

Members showed their appreciation for the excellent work undertaken by the Director of Economic Growth in promoting the region.

RESOLVED – that the Overview and Scrutiny Committee noted the report.

110 **POVERTY TRUTH COMMISSION**

Submitted: Report of the Director of Policy and Performance (previously submitted and a copy attached to the Official Minutes).

R Redfern introduced the report the purpose of which was to provide Overview and Scrutiny Committee members with an update on the North of Tyne Combined Authority's Poverty Truth Commission project as requested at its December meeting. The report provided an overview of the model and next steps in its development, as well as an update on supporting commitments from regional and national funders. Key points highlighted were:

The reasons for undertaking the commission and some of the consequences of the pandemic. During a recent survey the majority of those interviewed believed that the pandemic has increased social inequality, 79% believe that there is now a large gap between different social classes across the country, 8 million households are in debt, 6 million are being pursued for payments, 2 million now rely on foodbanks and twice as many children now rely on foodbanks than a year ago. Poverty is increasing in the region as well as across the country.

At the November 2020 meeting of Cabinet, Members agreed to undertake the commission to look at how the Combined Authority can help to reduce the levels of poverty. The commission will provide the opportunity to hear directly from residents and communities about this issue and enable the authority to build the capacity necessary to help people improve their lives. The Combined Authority will commission organisations to manage the commission and Community Foundation for Tyne, Wear and Northumberland offered match funding for the project. The Combined Authority has also been invited by Joseph Rowntree Foundation to provide a proposal for some further supporting funding. Members noted that the North of Tyne is the first Combined Authority to undertake a Poverty Truth Commission.

Poverty Truth Commissions run on average for two years, recruit from a wide range of communities of place and interest, prioritising the voices of groups which are rarely heard in traditional methods of engagement, and secure funding from a mix of public, civic and/or business sources to support collaboration. When talking to families it will be necessary to build a level of trust which will hopefully encourage discussions about what it is like to live in poverty.

R Redfern responded to comment/questions from Members which included:

- A Member welcomed the commission and commented that the COVID-19 Pandemic has plunged families into poverty who have never before endured high levels of poverty. It was suggested that those involved in discussions also speak to the volunteers who work in the foodbanks and deliver food parcels, who have a vast knowledge of those families, vulnerable people in communities and the elderly who now require help and support. The input from Bishop Christine Hardman was also welcomed. A request was also made for Members to be sent a copy of the brief for the commission when available. R Redfern agreed with the comments made.
- A Member spoke of activities in one of the Newcastle Wards highlighting the number of people coming forward for help. Volunteers supply packed lunches for children as well as cereal and milk for breakfasts. A local supermarket also donates any leftover fresh food which is then used to provide cooked

meals. It was also pointed out that poverty is not something linked to those who are in receipt of benefits but includes those just above the benefits line and cannot claim state support, often referred to as hidden poverty. R Redfern acknowledged the phenomenal amount of work carried out by volunteers.

- A Member asked how people who are living in poverty can be involved in the commission. R Redfern gave a summary of how the commission will work. Those involved in discussions with residents will need to be respectful and remember that some people will be embarrassed and disturbed to talk about how the COVID-19 Pandemic has affected their lives and their reliance on community support. Members heard how Gateshead Council have engaged the Arts and Culture as a way to engage whilst others have used a coaching approach. There are a variety of methods that can be used which is why the Combined Authority have accepted the offer of support from the Joseph Rowntree Foundation.
- A Member commented that a strong emphasis is needed in respect of hidden poverty. Those involved in discussions will need to be approachable whether it is in a group situation or a 1-to-1 telephone conversation. The process must be open and inclusive.

RESOLVED – that the Overview and Scrutiny Committee noted the report. and will be kept informed of progress.

111 **ANNUAL REPORT AND REVIEW**

Submitted: Report of the Governance and Scrutiny Manager (previously circulated and a copy attached to the Official Minutes).

Members considered the Committee's Annual Report for submission to Cabinet at its AGM in June. Details were also provided of the decisions taken under any of the urgency provisions this year and the use of Call-In. Members were invited to submit any views on the content of the annual report or the process regarding urgent decisions and Call-In.

The Governance and Scrutiny Manager gave a brief account of urgent decisions taken during the year, including one taken after the publication of the report in the agenda.

RESOLVED that the Overview and Scrutiny Committee –

- 1) Noted the report.
- 2) Agreed that the draft Annual Report be submitted to the Annual Meeting of Cabinet in June 2021.

112 **DATE AND TIME OF NEXT MEETING**

29 June 2021 (to be confirmed)



Subject: Work Programme 2021-2022

Report of: Elizabeth Kerr, Principal Governance and Scrutiny Manager

Report Summary

The purpose of this report is to set out the Overview and Scrutiny Committee's provisional work programme for the 2021-22 municipal year and propose a change to the committee's start time from 10.00am to 10.30am.

Recommendations

Overview and Scrutiny Committee is recommended to

- 1) agree the provisional work programme for the year ahead as detailed below, noting that it can change throughout the year to respond to matters as they arise, and make any recommendations considered appropriate; and
- 2) agree that the meetings of the committee will be held at 10.30am for the remaining meetings of the 2021-22 municipal year.

1. Background Information, Proposals and Timetable for Implementation

1.1 Information

1.1.1 The role of the North of Tyne Combined Authority's (NTCA) Overview and Scrutiny Committee is to:

- Review or scrutinise decisions made, or other actions taken, by the Cabinet or the Mayor in connection with the discharge of any functions which are the Cabinet's or the Mayor's responsibility.
- Make reports or recommendations to the Cabinet or the Mayor (as appropriate) with respect to the discharge of their functions or on matters of strategic importance that affect the North of Tyne area or inhabitants.
- Review the performance of the Cabinet and Mayor against objectives within their strategies and policies.
- Facilitate the exchange of information about the work of the Cabinet and the Mayor and share information and outcomes from reviews.

1.1.2 The members of the Overview and Scrutiny Committee can scrutinise and challenge the Cabinet and the Mayor and consider matters of strategic importance to residents within the North of Tyne area with a view to influencing the decisions of the Cabinet and the Mayor.

1.1.3 The Committee is responsible for determining its own work programme, having taken advice from relevant officers. When considering a work programme, it will:

- Determine whether an issue is more appropriately dealt with by one of the constituent councils or by some other organisation or in some other way and will not duplicate the work of existing bodies or agencies.

- Take into account the resources available to support that programme and avoid establishing priorities for which the costs exceed the likely benefits.
- Avoid initiating enquiries at a time, or in a manner which disrupts the effective and efficient operation of the Authority, or unnecessarily delays the conduct of its business.

1.1.4 Taking the above into account, the Committee is invited to consider and agree the proposed work programme for the year ahead.

1.2 Formulating the proposed work programme

1.2.1 An online workshop was held with the committee members on 15 June 2021. In formulating the proposed work programme, reference was made to the principles set out in the statutory guidance on Overview and Scrutiny in Local and Combined Authorities, the NTCA's Constitution and senior officers within the NTCA.

1.2.2 This proposed work programme is a reflection of what the committee would like to do in the year ahead at this moment in time. It is acknowledged that a subject or matter, currently unthought of, might require the committee's attention during the year and will be added to the work programme. The committee will be mindful of its ability to, and the process for, calling extraordinary meetings and adding urgent items of business to meeting agendas.

1.2.3 During the workshop the commencement time of the meeting was discussed, and a majority expressed a preference for a 10.30am commencement time. It was considered that a 10.30am start, by avoiding the peak travel times, would make it easier for those members who travelled to the meeting by public transport. In addition, as the meetings will be in person, those members who may have a significant distance to travel from their home will benefit from a later start time. The intention is to hold a committee meeting in each of the constituent authorities by the end of the year.

1.3 Provisional work programme

1.3.1 Attached at appendix 1 is a proposed agenda for each of the meetings scheduled for the year. As stated above, agreeing these proposals now does not prevent items being moved to a more suitable meeting or additional items being added as the need arises during the year; it provides a framework for the work of the committee for the year ahead.

1.3.2 Further devolution, whilst not specifically mentioned in the proposed work programme, is a matter over which the committee will keep a watching brief. Where a proposal or new development requires the committee's attention, an item will be added to the work programme.

1.3.3 The Overview and Scrutiny Committee has an important role in the budget setting process and is required by the Budget and Policy Framework to receive initial proposals and revised proposals from the Mayor and Cabinet. The timetable for the budget setting process will be presented to the committee in October with initial budget proposals at the 7 December 2021 meeting. A Budget Workshop is proposed in January and a report setting out the committee's recommendations will be submitted to the January Cabinet meeting.

2. Equalities Statement

2.1 The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic will look to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

3. Inclusive Economy Statement

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

4. Climate Change Statement

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

5. Consultation and Engagement

- 5.1 The newly appointed committee discussed the work programme at their workshop on 15 June 2021 and the Directors and senior management team at NTCA are aware of the proposed work programme.

6. Appendices

Appendix 1 – Provisional Work Programme for NTCA's Overview and Scrutiny Committee for 2021-22.

7. Background Papers

[North of Tyne Combined Authority Constitution](#)
[Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities](#)

8. Contact Officers

Elizabeth Kerr, Principal Governance and Scrutiny Manager
email: elizabeth.kerr@northoftyne-ca.gov.uk

9. Glossary

NTCA North of Tyne Combined Authority

Overview and Scrutiny Committee Proposed work programme 2021-22

29 June

1. Election of Chair and Vice Chair
2. Agreement of work programme
3. COVID-19 Recovery Update
4. NTCA Annual Report and Corporate Plan
5. 2020/21 Outturn Report
6. Co-production working group report

12 October

1. Mayoral Update
2. Citizens Assembly Report
3. Green New Deal
4. Gateway review process
5. Q1 Budget Monitoring
6. 2021-23 Budget and Budget setting process

7 December

1. Update from Cabinet Member for Investment and Resources
2. Investment Fund progress report
3. North East LEP update
4. Medium Term Financial Plan/Budget Proposals for 2022-23 through to 2025-26.
5. Q2 Budget Monitoring

8 February

1. Update from Cabinet Member for Education, Inclusion and Skills
2. AEB progress report
3. Education Improvement progress report
4. Poverty Truth Commission progress report
5. Final budget proposals
6. Q3 Budget Monitoring

15 March

1. Update from Cabinet Member for Housing, Land and Development
2. Culture and creative progress report
3. Scrutiny Annual Report
4. NTCA Urgent decisions and decisions not subject to call-in for year

Budget Workshop – 11 January 2022

As last year, a Budget Workshop will be held in January 2022 and a report setting out the committee's recommendations will be submitted to the January Cabinet meeting. The workshop is scheduled for the morning of Tuesday 11 January 2022, precise start time to be confirmed nearer the time when more information about the budget is known.



Subject: COVID-19 Response and Recovery Update
Report of: Dr Henry Kippin, Managing Director

Report Summary

The purpose of this series of reports is to update the NTCA Overview and Scrutiny Committee on the role NTCA is playing in supporting COVID-19 response and recovery in the region. It builds on the framework set out in the report to March 2021 Overview and Scrutiny Committee – noting additional developments since that point.

Recommendations

The Overview and Scrutiny Committee is recommended to note the information and make any comments and/or recommendations as appropriate.

1. Background

- 1.1 I have noted in previous reports that the impact of COVID-19 has been deep, wide and cross-sector. This very much remains the case. At the time of writing, the phased loosening of lockdown measures is still underway. Government has delayed its final 'Roadmap' stage due to concerns over the prevalence of new strains of the virus. The economic picture is mixed – with headline metrics indicating a return to growth for some sectors, but with many businesses still dealing with the impact of restrictions inhibiting mass gathering. The population health impact of the pandemic is less intense than at peak – with hospitalisation and excess death rates well under numbers seen in the first and second waves – though public health experts rightly communicate caution, due care and the need to stick to Government guidelines.
- 1.2 Measures to accelerate vaccination are ongoing and are largely perceived to be progressing well. A national vaccination strategy has been published, and Government efforts to create secure supply chains and distribution mechanisms have been complemented by a massive collective effort within towns, cities and regions. Economic support measures are ongoing; including an extended period of furlough (albeit coming to an end soon), further discretionary grant funding to certain businesses and Local Authorities, and an extension of the Universal Credit uplift alongside other measures set out in the March Budget.
- 1.3 The Chancellor of the Exchequer set out his Budget statement on 3rd March. This included a number of new funding streams that the NTCA has been responding to alongside other partners. These include the Levelling Up Fund, the Community Renewal Fund, the Community Ownership Fund and future 'Intra-City Transport' funding for regions. As the lead body for the Community Renewal Fund, the NTCA has been responsible for submitting a package of regional bids that will be considered by Government over the coming weeks. Newcastle City Council also submitted a number of bids to the Levelling Up Fund which have been supported by the NTCA.
- 1.4 I noted at December Overview and Scrutiny that the Spending Review had set out the scale of what the Chancellor called the 'economic crisis' facing the UK. He noted that the UK economy will contract by 11.3% this year with a budget deficit of 19%, projecting that it will take until the end of 2022 for the economy to return to its pre-pandemic size. The picture painted at this Budget was somewhat more optimistic about the pace of recovery, and the potential to suppress the projected peak in unemployment (projected as a percentage point lower than previously). But the thrust of his previous analysis remains; as does the scale of the recovery challenge.

- 1.5 All of the above continues to play out in a challenging day-to-day context for many of our communities, businesses, places and public services. Lives, livelihoods and patterns of living, working and socialising have been lost. Many see light at the end of the tunnel as a result of a positive early-stage vaccination roll-out. But – as noted at the previous meeting – it is reasonable to expect that recovery will continue to be complex, and that we will not simply revert to the way things were pre-pandemic. The resilience and collective determination shown by the region continues to be evident – including through recent spikes in transmission as a result of the Delta Variant.
- 1.6 The region – via its Local Resilience Forum and a range of additional partners – continues to collaborate strongly in response (overseen by a Strategic Coordination Group) and recovery functions (through a Recovery Coordination Group). The LA7 Local Authorities – from Durham to Northumberland – are actively collaborating at a political and officer level, and the NTCA has played an ongoing role supporting these efforts and leading elements of recovery planning – including the development of a regional ‘Recovery Roadmap’.
- 1.7 NTCA Mayor and Cabinet has rightly emphasised the need for us to play an ongoing role in recovery – accelerating the delivery of our projects, and unlocking funding to support response and recovery where appropriate. Plans for a headline £10m Recovery Innovation Fund have been approved by Cabinet, and the ‘innovation grants’ element of this is now operational.
- 1.8 I have committed to updating Committee members on the wellbeing of the staff team at NTCA on an ongoing basis – and I remain grateful to Members for the opportunity to do this. The whole team continues to show commitment and ongoing collaboration – and is doing a good job continuing to deliver as lockdown rules have changed and we head towards a ‘hybrid’ model of working. We are grateful to our partners within our Local Authorities who are, as ever, intrinsic to our work. We continue to prioritise good communication, resilience building and strong collaboration in everything we do. Recovery is long term and we know that looking after our collective mental wellbeing is crucial.

2. Role of NTCA

I noted at previous Overview and Scrutiny Committees that the NTCA had been particularly active in a number of areas, which are updated by exception below:

1. Ongoing Planning for Economic Recovery – including the submission of an economic recovery plan for the North of Tyne; and appropriate profiling of NTCA investments to support recovery within our three Local Authorities and the region more widely. Most recently this has included preparation of a recovery ‘roadmap’ with RCG partners.
2. Supporting NE-wide plans for recovery and transport connectivity – including playing an active role in the NE-wide submission to CSR, and the development of an integrated transport connectivity plan for the region, and subsequent negotiations with Government which are ongoing.
3. Engagement in regional COVID-19 response arrangements - the Managing Director continues to play a role within SCG and RCG arrangements (alongside Constituent Authority Chief Executives, Directors of Public Health and senior officers), supporting ongoing efforts to coordinate our work across sectors as the crisis evolves.
4. Accelerating COVID-19 response and recovery funding – exemplified by the £5m COVID-19 Response Fund, through which Local Authorities have delivered business support, skills, VCS and staff interventions within their local areas. In November 2020 Cabinet agreed the allocation of £10m from the NTCA investment fund to develop a ‘Recovery Innovation Deal’. We committed to a period of co-design with partners in order to develop an appropriate delivery plan. This was endorsed by March 2021 Cabinet, and delivery arrangements are now in train.

5. Delivering funding to address digital divide in education and vulnerable settings – through NTCA investment in digital support (laptops and connectivity) for school-age children and vulnerable adults – delivered in partnership with our three Local Authorities. NTCA officers continue to work with their Local Authority counterparts to understand potential next steps in relation to digital exclusion, including through our Digital Adoption programme. We continue to engage with private and social sector partners in this space – as evidenced by the announcement from software company Sage to support digital adoption for small businesses building on the NTCA programme. At June 2021 Cabinet, ambitious measures to address child poverty were approved for further development.
6. Augmenting national funding streams to maximise local benefit – such as augmented support for DWP measures – including playing an intermediary role within the KickStart scheme (which will already be enabling SMEs to take part); working closely with DWP on proposals for augmented employment support and IAG (information, advice and guidance) through Youth Hubs; and developing an online platform to support more young people into apprenticeships. Funding for the above has now been unlocked from Central Government, and delivery is in train.
7. Understanding the impact of the crisis on poverty and inequality – such as through the Inclusive Economy Board, remains a consistent part of our cross-sector engagement during the crisis. The Board, chaired by Bishop Christine Hardman, has encouraged the development of a ‘poverty truth commission’, which was noted at the February meeting, and has now been approved and is being taken forward. This will be further augmented by the ‘child poverty prevention’ work noted above.
8. Committee members will recall a commitment from the NTCA to support the culture and creative sectors. This month we launched our £2.6m Culture and Creative Investment Fund in partnership with Creative England and regional stakeholders. This will unlock grants, loans and business support to the sector – and individuals within it – to support new ways of working post-Covid.
9. The NTCA and M10 group of Mayoral Combined Authorities continue to work closely with Government to ensure our concerns – and investment plans – are reflected within the forthcoming Comprehensive Spending Review, and in forthcoming Government strategies for innovation and R&D; Net Zero; and Levelling Up. This continues to be a strong focus for the NTCA team and constituent authority partners.

3. Equalities Statement

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

4. Inclusive Economy Statement

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

5. Climate Change Statement

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

6. Consultation and Engagement

The collaborative response measures have been overseen by a Strategic Coordination Group and recovery functions through a Recovery Coordination Group. All seven Local Authorities across the region are actively collaborating and the NTCA has played an ongoing role supporting these efforts. The Combined Authority and constituent local authorities are in regular contact with businesses, the North East Local Enterprise Partnership (NELEP), the Voluntary and Community Sector and Trade Union and information is being shared with national Government.

7. Appendices

None

8. Background Papers

None

9. Contact Officers

Henry Kippin, Managing Director, henry.kippin@northoftyne-ca.gov.uk

10. Glossary

| | |
|------|----------------------------------|
| CSR | Comprehensive Spending Review |
| DWP | Department for Work and Pensions |
| IAG | Information, advice and guidance |
| LA | Local Authority |
| MCA | Mayoral Combined Authority |
| NTCA | North of Tyne Combined Authority |
| RCG | Recovery Coordination Group |
| SCG | Strategic Coordination Group |
| SME | Small and Medium Size Enterprise |
| SR | Spending Review |
| VCS | Voluntary and Community Sector |

Overview and Scrutiny Committee

29 June 2021

Subject: NTCA Annual Report and Corporate Plan

Report of: Henry Kippin, Managing Director

Report Summary

The NTCA's Annual Report, endorsed by Cabinet at its March meeting, sets out the Authority's achievements and the work of the Mayor and Cabinet over the last year. 'Working Together For You' included stories on how NTCA is creating opportunities and driving innovation and included an annual update from the Inclusive Economy Board, the Housing and Land Board and the Voluntary, Community and Social Enterprise Group. At its Annual Meeting in June, Cabinet endorsed NTCA's first Corporate Plan. The Corporate Plan sets the direction for delivery across the authority over the next three years and beyond. The report provided an overview of content, outlining NTCA's ambitions and delivery priorities, described within seven delivery themes and three cross cutting themes. The Annual Report and Corporate Plan are attached as appendices to this report.

Recommendations

Overview and Scrutiny Committee is recommended to note the Annual Report and Corporate Plan and make and comments/recommendations as appropriate.

1. Background Information, Proposals and Timetable for Implementation

1.1 Annual Report

- 1.1.1 This is the first Annual Report and it has been designed to be a quick read to enable residents to see the impact of the NTCA in a clear and concise way; a signpost to the more in-depth information that is available on the website through our press releases or cabinet reports.
- 1.1.2 The Annual Report is a reflective document which show how the NTCA has worked to reflect and be consistent with the priorities set out in the NTCA vision.
- 1.1.3 Two stories have been chosen to show how the work of the NTCA is creating opportunities for people by attracting large companies to invest here or to encourage them to develop a new skill or attend training which will enable them to find 'good work'. Two other stories have been chosen to show how the NTCA is driving innovation in data and a green economy.
- 1.1.4 The top 5 and top 20 achievements of the NTCA are included as headlines to showcase quickly and succinctly the impact and benefit of the NTCA.
- 1.1.5 The Annual Report is attached as appendix 1.

1.2 Corporate Plan

- 1.2.1 The Corporate Plan has been developed through a process of co-design with cabinet and officers. It plays an intrinsic role in ensuring NTCA funding and resources are used effectively and efficiently - adding maximum value and delivering with impact.
- 1.2.2 It sets 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 Corporate Plan illustrates how NTCA will meet the priorities set out in the NTCA vision.

- 1.2.3 It will drive the work programme that in turn feeds into both team plans and individual personal objectives, creating a 'golden thread' from Cabinet's vision to day-to-day delivery.
- 1.2.4 Importantly the plan is rooted in NTCA's values, which underpin the way the authority works and outlines our approach to managing wisely the resources, funding and investment we have available.
- 1.2.5 It is structured around seven delivery themes and three cross cutting themes, bringing together in single cohesive plan commitments in our devolution deal, manifesto and recovery plan.
- 1.2.6 The Corporate Plan is attached as appendix 2.

2. Equalities Statement

The NTCA is mindful of its duty under the Public Sector Equality Duty and adopted at the Annual Meeting Equalities Objectives for the next four years to enable it to advance equality of opportunity between persons who share relevant protected characteristics and those who do not. The proposed measures are on workforce diversity; staff confidence around equalities; employment levels amongst groups experiencing disadvantage; in-work poverty in the North of Tyne area; and co-design and co-production. Through its work NTCA will also 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 and persons who do not share it. NTCA considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

3. Inclusive Economy Statement

The Annual Report is a reflective document and showcases NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability. These are also strongly reflected in the Corporate Plan.

4. Climate Change Implications

The North of Tyne Combined Authority and all three constituent Local Authorities have declared a Climate Emergency; the impact of the NTCA's decisions on climate is taken into account and its work in this area is reflected in the Annual Report and the Corporate Plan.

5. Consultation and Engagement

The Mayor, Cabinet and the whole NTCA team have been involved in the formulation of the Annual Report and the Corporate Plan. The NTCA is a collaborative and supportive team and the Annual Report and the Corporate Plan are aligned with the internal work programme, targets and spend so each team can see how their individual effort contributes to the whole.

6. Appendices

Appendix 1 *Working Together For You* NTCA Annual report.
Appendix 1a Inclusive Economy Board update
Appendix 1b Housing and Land Board update
Appendix 1c VCSE Stakeholder Engagement Group
Appendix 2 NTCA Corporate Plan

7. Background Papers

NTCA Vision

8. Contact Officers

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9. Glossary

NTCA North of Tyne Combined Authority

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WORKING TOGETHER FOR YOU

**NORTH
OF TYNE**

**COMBINED
AUTHORITY**

Page 21



Annual report 2020



OUR VISION



Our North of Tyne vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future. We work in partnership, we create connections between our programmes and our projects and we are inclusive. Devolution has given us the chance to make our own decisions about our own future so we are targeting investment where we know we need it most, making a strong connection between economic growth and providing people with the skills, education and confidence to benefit from the opportunities that follow.



Jamie Driscoll

Mayor of North of Tyne

Page 22

A zero carbon and zero poverty economy

It has been a bit of a whirlwind of work in the 20 months after being elected. Setting up the new Combined Authority, appointing the team, building relationships and kick-starting the programmes to regenerate and reinvigorate the region's economy. Despite Covid-19, lockdowns, staff working from home, home schooling, Zoom, Zoom not working, and "you're on mute", we've accomplished a huge amount.

When I say 'we' this isn't false modesty because there's an engine room of skilled, dedicated people working with me. All of them enthusiastic about championing the region we love.

We've demonstrated the success of the Combined Authority model in the North of Tyne. We have 3,194 new jobs in the pipeline and have safeguarded 2,114. We've successfully handled the devolution of the £23 million Adult Education Budget.

Our Green New Deal is rolling out, boosting the offshore wind sector and the low carbon economy. We've set up a £5 million innovation fund to create a digital ecosystem for public services and small businesses in the region and created a pot of £15 million to support local recovery.

This is not a job done but a job well begun. The North of Tyne has a long history of innovation and industry, and of marrying together economic success and social progress. We are home to enterprising and creative people and strong and productive businesses. Technological innovation, globalisation and environmental pressures are changing the way we live and work, as has a long and trying year of Covid-19, but our mission remains the same; a zero carbon and zero poverty economy – and we're on our way!



Norma Redfearn

Deputy Mayor of North of Tyne

Changing lives for the better

Creating NTCA has been a journey of partnership, perseverance and now, real progress. I well remember when the leadership of three local authorities, Newcastle, North Tyneside and Northumberland, came together with a simple and clear goal; to change the lives of our residents for the better. No journeys are ever as simple as you hope and to find ourselves in our first year of delivery in a global pandemic has been a challenge, but we have remained undaunted, pushing for projects, programmes and pace – all to make a difference.

From smaller community groups who have benefitted from Spacehive to a huge programme delivering skills for people to find work. From over 40 carers starting to get jobs to working with 21 organisations to create opportunities for young people. From launching

our good work pledge to getting £24 million from government to build over 2,000 homes – working together, we are making a difference.

What I see today is not the end of the journey but another beginning. Our partnership will continue our journey of change, with our business community and our Voluntary and Community Sector. We will work together and remain persistent, purposeful but patient in our call for further devolution of powers we need to shape our economic future.

We have proved, in this first year, that progress in whatever circumstances, is possible. We have received more money from government and spent it wisely. We have focussed our attention on those people and communities who need it most. We have, most of all, seen our resident's lives change for the better. I couldn't be more pleased!

OUR TOP FIVE ACHIEVEMENTS IN 2020



3,000+

new jobs in the pipeline for growing businesses



10,000

courses for people to get good jobs



£24m

secured to regenerate derelict land for 2,000 homes



£15m

of immediate support for businesses and communities to tackle Covid-19



2,600+

young people, residents and families connected online with our digital inclusion scheme



“The letter that saved my life...”

Alexandria is passionate about the beauty industry. She is a beautician with eight years of experience, and thanks to FIRST skills, a programme funded by £50,000 from the NTCA Education Budget, her life has transformed.

Like many of us, Alex has struggled with her mental health: “A few years ago, I had a bit of a bad episode, a bit of a mental breakdown and the way I felt just went down the drain. I lost my passion, my determination, everything”.

That was until she moved into her new home with Karbon Homes. Karbon Homes have a partnership with FIRST, an organisation that helps people gain the skills and qualifications needed to progress into work, self-employment, and further education.

Through the NTCA funding and FIRST’s resources, 30 learners have engaged with the Level 1 in Understanding Enterprise course and 10 have engaged in the Level 1 Computerised Accounting course.

Alex received a letter from FIRST offering a fully funded placement on a seven-week business and enterprise course delivered by FIRST and their network of business experts. Once participants complete the course, they are awarded a Level 1 qualification in Understanding Enterprise.

Alex says: “It doesn’t matter how down you are, as long as there’s someone there that’s willing to grab your hand and bring you up. Take it. Make that leap of faith. If that letter didn’t come through my door, I hate to think where I’d still be. They’ve helped bring my confidence back, they’ve helped everything really. Just through one little letter”.



Alexandria Thompson

8,545 ENROLMENT OPPORTUNITIES

undertaken by North of Tyne residents aged 19 and above, supported by the NTCA Adult Education Budget

Transmission Dynamics, expanding for the future

A £500,000 grant from our Growth Fund is helping Cramlington-based Transmission Dynamics to build a new bespoke hybrid office, warehouse, and engineering facility – and make plans for 50 new jobs.

Transmission Dynamics has its roots in engineering consultancy but is now evolving to offer research and development services at the cutting edge – where technology and engineering meet.

They specialise in solving complex engineering problems using artificial intelligence to review and monitor vast amounts of data gathered in the field from their innovative sensors. The design, manufacture, and building of these systems makes them experts in the growing tech sector known as the ‘internet of things’. This is revolutionising engineering from how we maintain wind turbines, to how we grow crops.

Their success means they need to expand. To grow this complex business, they have designed a unique building that will enable them to conduct research, design systems and manufacture sensors for their customers – all under one roof.

Jarek Rosinsky, CEO of Transmission Dynamics explains: “Support from the Combined Authority is phenomenal news, we are full to capacity in our current premises and our new bespoke building, with its unique space isn’t easy to get finance for. The grant we received is fundamental to us. It will enable us to increase our orders and expand our workforce.”



Jarek Rosinsky, CEO of Transmission Dynamics

The building will be a £2.3m construction project, which the £500,000 grant will help to fund. With a further £1.8m investment in plant and machinery, Transmission Dynamics expects to invest £4.8m in the project – a significant investment in its business and the region.

Transmission Dynamics is an excellent example of how the North of Tyne Growth Fund can support innovative companies with ambitious growth plans.



Green Tech for a clean and green economy

NTCA invested £1.3m in green tech to develop ways to revolutionise laundry and dishwashing.

The investment could see the North of Tyne become a leading manufacturer of world-changing technologies to revolutionise everyday household chores and help create new ways to cut waste and dramatically reducing water use in Newcastle, Northumberland, and North Tyneside.

The £2.7m Advancing Circular Economy (ACE) Demonstrator Research and Development Project led by Procter & Gamble will be delivered in partnership with Newcastle

and Northumbria Universities, Prozomix Ltd, and The Innovation SuperNetwork.

It will create 49 highly-skilled, well-paid jobs and protect 40 others, and will investigate the potential for a new green technology centre in the North of Tyne area.

North of Tyne Cabinet Member for Business Competitiveness Councillor Nick Forbes said: “This is a unique opportunity to make the North of Tyne a world-leader in an emerging sector of global significance.”



Data driven innovation


Private and public sector organisations are generating more and more data but failing to create value from it as they lack the necessary skills. In 2020 NTCA invested £1.63m in the National Innovation Centre for Data (NICD).

The funding supports a new team of data experts who will work with more than 200 businesses to unlock the insights held in their data. Demand for help with data in the UK is high and NTCA investment will provide much needed support for organisations in the region enabling them to grow and use their data to address their business questions.

NICD has already assisted Newcastle Building Society helping their staff develop an innovative data model to improve how they handle customers approaching the end of their fixed-rate mortgages. Andrew Haigh, CEO, Newcastle Building Society says: “The fantastic thing is that rather than having to find new resources or outsource that process we could get properly into skills transfer and development of the people that we already had within our existing team.”

With this new funding, NICD can assist many more organisations within the North of Tyne Combined Authority to use data to create efficiencies, improve services and drive innovations.

WHAT WE'VE ACHIEVED IN ONLY ONE YEAR

£12m
invested in offshore wind and clean energy



£3.25m
spent with culture and creative businesses, organisations and freelancers to recover



GROWING BETTER JOBS
with our Good Work Pledge



112+ BUSINESSES
supported by the rural growth fund




£104m
of additional private sector investment unlocked



43 CARERS
supported in going back to work



SUPPORTING SMALL BUSINESSES
to develop advanced data and digital skills



271 RURAL SITES
connected with full fibre and digital capability



KICKSTART JOB SCHEME
helped 21 organisations employ young people

AN INNOVATIVE APPRENTICESHIP HUB
for young people was initiated

100% RESPONSE RATE
on enquiries and FOI's

A CITIZENS ASSEMBLY
was established to engage residents with climate change



£40m
invested in 50 projects to create and protect jobs



INCLUSIVE ECONOMY BOARD
created to tackle poverty and include everyone in our economic growth

£12m
invested in green jobs – supporting new industry and reducing carbon

TACKLING ENVIRONMENTAL WASTE
by investing in the regional biotechnologies manufacturing industry

WORKING TOGETHER TO SUPPORT OUR SCHOOLS
we've developed a Joint School Improvement Strategy

SUCCESSFUL TRANSITION TO ONLINE WORKING
including cabinet and committee meetings

THE 1ST REGIONAL CROWDFUNDING PLATFORM
was launched – 6 new community project ideas supported in only 6 months

INSPIRED YOUNG PEOPLE
by creating hands-on science, technology, engineering and maths experiences in over 50 schools

DELIVERED AN ECONOMIC RECOVERY DEAL
to Government for 35,000 new jobs

AND SO MUCH MORE...

**NORTH OF TYNE
COMBINED AUTHORITY**

Inclusive Economy Board Annual Report Update 2020/21

Purpose

The purpose of this briefing is to provide an update for the Annual Report 2020/21 on the work of the Inclusive Economy Board, outlining the achievements and progress from the past twelve months.

“We want to target our resources where they can make a real difference to people’s lives as part of our commitment to creating an economy that delivers for everyone and leaves nobody behind”

Cllr Joyce McCarty, Cabinet Member for Employability and Inclusion and Vice Chair of the Inclusive Economy Board.

Background

Our Inclusive Economy Board is an important component of our Devolution Deal, helping NTCA think creatively about how we can make the North of Tyne economy work for everyone. The Inclusive Economy Board advises Cabinet on how to better integrate and strengthen education, skills and employment interventions in order to improve local education and employment outcomes for North of Tyne residents. Over 2020 this has included specific work to understand and respond to some of the widening inequalities caused by the pandemic.

Launched in March 2020, it is independently chaired by the Right Revd Christine Hardman, Bishop of Newcastle and brings together regional and national representatives from business, civil society, education, academia and Government Departments including the Department of Work and Pensions (DWP) and the Ministry of Housing, Communities & Local Government (MHCLG). We are particularly grateful for the support of our three local authorities and ex-officio members from the Local Enterprise Partnership who have been instrumental in supporting the Chair’s stated ambition that the Board is focussed on **doing not discussing**: as she says,

“...it’s about driving forward real change to move us further, faster towards our goal of creating a fairer and more inclusive economy...”

The Board meets quarterly and has continued to do so throughout the COVID-19 pandemic.

Achievements

- **Accelerating skills and employability responses to the pandemic**
The Board has been instrumental in supporting and advising on the development and delivery of key employability and skills programmes for young people in response to the pandemic. In particular, Kickstart (for young people at risk of long-term unemployment), the coordination of learning and skills opportunities for young people through the creation of local Youth Employment Partnerships and the development of an

Apprenticeship Hub which will be made available to young people via schools and colleges. With members' support this has formed the Board's first priority workstream.

- **Partnership Working with DWP**

The Inclusive Economy Board provides oversight of the jointly developed Employment Framework Agreement between NTCA and the DWP. Support from the Board was instrumental in enabling the Framework Agreement which was approved by the DWP Minister for Employment in October 2020. The Framework is a key enabler for coordinating employment, skills and health services at a local level to move more people into good work. Into 2021 the Board is supporting its delivery through advising and informing an associated Action Plan to realise the full potential of this joint Agreement.

- **Promoting the Importance of Good Work**

The Board has also prioritised supporting the development of our Good Work Pledge and wider Good Work agenda throughout 2020. This was crucial in a year in which the world of work shifted radically for so many of our residents. The Board supported conversations with business, unions and the VCSE sector to understand the relevance of Good Work in a COVID-19 context, and actively supported our successful Pledge launch in November 2020.

We are grateful to the Chair, Vice Chair, Mayor and all our members and ex-officio members for the commitment and dedication they have shown during this extraordinary year.

Next Steps

The Board used its first meeting in 2021 to develop a forward plan of activities for the year. Topics under consideration have included poverty, wellbeing, financial inclusion, 'resetting' learning and skills pathways, and reimagining a post-COVID economy, with an underlying focus on some of the key groups affected most by the pandemic: older workers, women and people from black and minority ethnic backgrounds. Following a valuable presentation on digital inclusion the Board will also consider whether it can add value to current local and regional activity through a focussed workstream in this area.

Housing and Land Board Annual Report Update 2020/21

Purpose

The purpose of this briefing is to provide an update for the Annual Report 2020/21 on the work of the Housing and Land Board outlining the achievements and progress from the past twelve months.

Background

The remit of the Housing and Land Board is to oversee a strategic approach to the delivery of more and better homes across the North of Tyne from a baseline of 1,800 net new homes a year to 3,000 net new homes a year by 2032. The Board does this by acting as a strategic and advisory sounding board that works collaboratively with the North of Tyne Combined Authority (NTCA) to oversee an integrated housing pipeline, and to advance work on housing policy and delivery.

Membership of the Board is drawn from the Local Authorities, the Combined Authority and Homes England as well as a wide cross-section of the housing sector, including – but not limited to - registered providers, private developers, institutional investors, and organisations representing residential landlords. The Board meets quarterly and has continued to do so throughout the Covid 19 pandemic.

The Board is led by Mayor Norma Redfearn, portfolio holder for housing and land at the NTCA, with strategic input from the wider NTCA Cabinet. We are fortunate that Duncan Sutherland, Vice Chair of Homes England, assists with the drive and focus of the Board thus helping to cement a strong working relationship with Homes England.

Achievements

Over the past year, the Board has maintained a consistent focus on matters relating to housing policy and, importantly, housing delivery. The following paragraphs outline this in further detail:

- **Policy Focus**

In terms of housing policy focus, the Board has taken a strong interest in ageing, connected construction and modern methods of construction (MMC). Members have actively engaged with key regional partners to hear about projects they are undertaking and have considered how the NTCA team can develop its policy agenda with these regional assets in mind. The Board has heard updates on the Centre for Ageing and Vitality, a key housing delivery priority for the Combined Authority and Newcastle City Council, with a significant element of ageing innovation and design excellence at its core. It has heard from and endorsed Northumbria University's IC3 project, a bold programme of work that looks to build on the emerging regional expertise in connected construction. Working closely with Home Group, the Board has taken a keen interest in the work at the Gateshead Innovation Village, a major MMC led development and the

associated post-occupancy work undertaken with Northumbria University. This ensures that the NTCA is at the forefront of emerging housing best practice within the North of Tyne and that early opportunities to influence and assist with innovation can be realised.

- **Brownfield Housing Fund**

The Board's focus on delivery has been exemplified by work to establish the £24m Brownfield Housing Fund, the joint pipeline of key sites and the Joint Infrastructure Plan. The Board has overseen the successful operationalisation of the Brownfield Housing Fund, giving timely insight into the rollout of the programme, and endorsing the approach of the NTCA throughout the process.

The Board has received regular updates on progress; heard from key officers about the rationale for the programme and has seen the pipeline of sites take shape. The pipeline, endorsed and agreed by Cabinet, represents a bold first step for the Combined Authority in establishing housing delivery capability.

The Housing and Land Board has overseen a wider portfolio of housing and land work within the Combined Authority. This has included the establishment of operating and design principles for the Housing and Land portfolio, incorporating the strategic insight of the Board, and reflecting the priorities of our Local Authorities' Local Plans. This ensures that, by working together on shared strategic priorities, the Combined Authority can constantly add value, capacity, and resource to our partners.

- **Partnership Working with Homes England**

The Board has worked with NTCA and LA officers to formalise the working relationship with Homes England around on a joint pipeline of key sites across the North of Tyne. Central to this is an understanding that each Local Authority, the Combined Authority and Homes England can achieve more together, working collaboratively on a site by site basis to share resource, capacity and add value to our constituent Local Authorities.

The sites represent those major strategic opportunities put forward by our Local Authorities that, if realised, will establish a £150m housing pipeline in the area. They include bold city centre regeneration plans at Forth Yards, town centre revitalisation at Tanners Bank and transformative place-making opportunities around the Northumberland Line.

To underpin this work, we have agreed a Joint Action Plan – endorsed by the Housing and Land Board – that governs this approach to joint working and establishes thematic areas of interest influenced by the NTCA's overarching principles and those strategic priorities of our Local Authorities.

- **Joint Infrastructure Plan**

The Board has played an important role in designing the specification of a Joint Infrastructure Plan for the NTCA. This is a Devolution Deal priority. Alongside our Local Authorities, the NTCA Cabinet and other stakeholders, the Board has helped to shape the scope and ambition, as well as the strategic fit with other regional and national initiatives. This product, which is due to report back in September 2021, will give the NTCA a pipeline of investable and strategic infrastructure projects that will unlock economic, commercial, and residential growth through impactful transport investments. It will provide a visual, interactive means to map, analyse and understand our investable propositions.

Early work to date on this has included a pipeline of transport schemes and prioritisation tool – an important component part of the above – that was funded by the Combined

Authority and delivered in January 2021. Other place-based developments such as the Northumberland – North Tyneside – Newcastle Line, the North Shields Masterplan Area and North Bank of the Tyne have also benefited from investment from the Combined Authority to ensure that the NTCA is continually adding value to the propositions and strategic ambitions of our constituent local authorities. As the Chair and Board has noted, these represent an important part of our proactive approach to securing future investment in forthcoming spending rounds, for example, from the forthcoming Single Housing Infrastructure Fund.

- **Situating Housing Growth in Our Wider Economic Ambitions**

A key driver of the Board's work over the past year has been understanding how the NTCA can embed our housing and land ambitions within wider economic growth, cross-regional recovery strategies and within major infrastructure schemes (e.g. Northumberland-North Tyneside-Newcastle Line, the North Shields Masterplan Area, and emerging plans for City Centre recovery and renewal). The NTCA have a considerable amount of funding now allocated to drive and expand growth opportunities in our key sectors (digital, clean energy, ageing). There exists a real opportunity to align future delivery complementary to these investments which we will continue to pursue.

Further exploration of this will take place in the coming year through the Housing and Land Board and through increased engagement with wider stakeholders across the area.

Next Steps

Over the next year, the Board will continue to focus on delivery: ensuring that our joint pipeline of strategic sites are progressing toward development and that the working relationship we have outlined over the past year is put into practice in the next. The Board's guidance and insight will remain important to this delivery helping the work to progress smoothly.

The Board will continue to be appraised and updated on the work and delivery of the Brownfield Housing Fund. A central ambition of this work is proving the Combined Authority is a capable delivery body by delivering on our obligations to MHCLG and ensuring that homes are built as quickly as possible.

It is also anticipated that the Infrastructure Plan, on which the Board will be briefed and have sight of, and the projects and priorities it raises, will form a key part of the future work of the Board in the latter half of next year.

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VCSE Stakeholder Engagement Group Annual Report Update 2020/21

Purpose

The purpose of this briefing is to provide an update for the Annual Report 2020/21 on the work of the VCSE (voluntary, community, social enterprise) Stakeholder Engagement Group, outlining the achievements and progress from the past twelve months.

Background

The VCSE Stakeholder Engagement Group was established in 2019 and formalised in 2020. It is co-chaired by the Mayor and the Mayoral Ambassador for the VCSE sector Robin Fry, Chief Executive of the charity VODA in North Tyneside. The Group brings together Chief Executive Officers from the three local infrastructure bodies for the voluntary sector, as well as VONNE, the regional sector agency, working in partnership with lead officers from our three constituent authorities.

The group aims to work together to build an inclusive economy, as set out in its Terms of Reference. Its work is underpinned by our VCSE Accord, approved by Delegated Decision in March 2020. The Group is passionate about bringing together people and opportunities to build thriving, vibrant communities. It does this by advising NTCA Cabinet on the wealth, wellbeing and social inequalities in North of Tyne communities. It provides specific expertise in co-design and co-production, helping to ensure the voices of all residents inform NTCA's work and ambitions.

The Board met bi-monthly in 2020 and will meet quarterly from 2021 onwards.

Achievements

- **Representation, Voice and Engagement**

The Engagement Group has directly influenced VCSE engagement and representation across several strategically significant groups for NTCA. The Mayoral Ambassador attends Cabinet in an observer capacity and has spoken on relevant agenda items including NTCA's Community Hubs programme and Poverty Truth Commission. NTCA's Inclusive Economy Board includes both regional and local VCSE representation: homelessness and complex needs charity Changing Lives is represented on the Housing and Land Board. The Group has also supported direct engagement of residents from our own communities in NTCA's work: nearly 100 people joined the launch of our North of Tyne Crowdfunder, mostly residents with ideas for local projects. This was made possible through the support of our VCSE partners and active promotion amongst their networks.

- **Co-design and Co-production**

This is an area in which NTCA is at the start of a journey: the VCSE Stakeholder Engagement Group has been a testbed for exploring our approaches to co-production

and providing constructive advice and challenge. In 2020 the Group has provided advice on initiatives including our Employment and Skills Programme (Phase 1), our Community Hubs programme and Inclusive Economy Innovation Fund, as well as supporting sector-specific promotion of our response to Kickstart (the national employment programme for young people at risk of long-term unemployment). Into 2021 the co-chairs, members and NTCA officers will be using the workplan outlined below to enable greater influence on NTCA's projects and programmes at earlier stages of design and development.

- **Understanding and Responding to the Pandemic**

The Group has played a critical role in helping NTCA understand some of the early impacts of the pandemic, receiving regular formal feedback on sector surveys as well as informal evidence and analysis of community impacts, especially for some groups most at risk of further disadvantage and exclusion (through loss of jobs, services or support). It has also supported high-quality local collaborative work in response, such as joint cross-sector work on NTCA's Covid Capacity funded projects to aid local community-led responses. At a regional level VONNE continues to be involved in Regional Recovery Group activities helping to ensure the work of our Engagement Group is supporting the wider recovery agenda.

We are grateful to Robin Fry, Mayoral Ambassador, the VCSE and local authority members for their invaluable advice and support during 2020.

Next Steps

In March 2021 the group agreed a workplan for 2021 which will cover topics including valuing volunteering, community-led approaches to co-investment, innovation and recovery, and young people, employability and mental health (aligned to the work of the Inclusive Economy Board), building on the positive collaboration of 2020.

JOBS, SKILLS AND A POST-COVID ECONOMY

**NORTH
OF TYNE**

**COMBINED
AUTHORITY**

Page 33



Corporate plan 2021–2022



CONTENTS



| | |
|---|-----------|
| Foreword Mayor and Deputy Mayor | 3 |
| Our corporate plan | 4 |
| Our vision and purpose | 4 |
| North of Tyne, a snapshot | 4 |
| Delivering together | 5 |
| Cabinet led portfolios | 5 |
| Cross-cutting themes | 6 |
| How we work | 7 |
| Our values and ways of working | 7 |
| Funding, investment and resources | 8 |
| Measuring our impact | 9 |
| What we will deliver... | 10 |
| Future commitments and transport | 11 |
| Plan on a page | 12 |

Page 34



FOREWORDS



Jamie Driscoll

Mayor of North of Tyne

A zero carbon and zero poverty economy

It has been a bit of a whirlwind of work in the 20 months after being elected. Setting up the new Combined Authority, appointing the team, building relationships and kick-starting the programmes to regenerate and reinvigorate the region's economy. Despite Covid-19, lockdowns, staff working from home, home schooling, Zoom, Zoom not working, and "you're on mute", we've accomplished a huge amount.

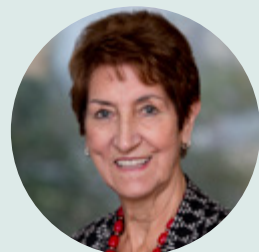
When I say 'we' this isn't false modesty because there's an engine room of skilled, dedicated people working with me. All of them enthusiastic about championing the region we love.

We've demonstrated the success of the Combined Authority model in the North of Tyne. We have over 4000 new jobs in the pipeline and have safeguarded 2000. We've successfully handled the devolution of the £23 million Adult Education Budget.

Our Green New Deal is rolling out, boosting the offshore wind sector and the low carbon economy. We've set up a £10 million innovation fund to create a digital ecosystem for public services and small businesses in the region and created a pot of £15 million to support local recovery.

This is not a job done but a job well begun. The North of Tyne has a long history of innovation and industry, and of marrying together economic success and social progress. We are home to enterprising and creative people and strong and productive businesses. Technological innovation, globalisation and environmental pressures are changing the way we live and work, as has a long and trying year of Covid-19, but our mission remains the same; a zero carbon and zero poverty economy – and we're on our way!

Page 35



Norma Redfearn

Deputy Mayor of North of Tyne

Changing lives for the better

Creating NTCA has been a journey of partnership, perseverance and now, real progress. I well remember when the leadership of three local authorities, Newcastle, North Tyneside and Northumberland, came together with a simple and clear goal; to change the lives of our residents for the better. No journeys are ever as simple as you hope and to find ourselves in our first year of delivery in a global pandemic has been a challenge, but we have remained undaunted, pushing for projects, programmes and pace – all to make a difference.

From smaller community groups who have benefitted from Spacehive to a huge programme delivering skills for people to find work. From over 40 carers starting to get jobs to working with 53 organisations to create opportunities for young people. From launching

our good work pledge to getting £24 million from government to build over 2,000 homes – working together, we are making a difference.

Our Corporate Plan shows how our partnership will continue our journey of change, with our business community and our Voluntary and Community Sector. We will work together and remain persistent, purposeful but patient in our call for further devolution of powers we need to shape our economic future.

We have proved, in this first year, that progress in whatever circumstances, is possible. We have received more money from government and spent it wisely. We have focussed our attention on those people and communities who need it most. We have, most of all, seen our resident's lives change for the better. I couldn't be more pleased!

OUR TOP FIVE ACHIEVEMENTS



4,000+

new jobs in the pipeline for growing businesses



10,000

courses for people to get good jobs



£24m

secured to regenerate derelict land for 2,000 homes



£15m

of immediate support for businesses and communities to tackle Covid-19



2,600+

young people, residents and families connected online with our digital inclusion scheme

OUR CORPORATE PLAN



We are the North of Tyne Combined Authority – a strong cross-party, cross-regional collaboration led by a Mayor and Cabinet working hard to create inclusive, sustainable growth through devolution. This is our Corporate Plan. It outlines the things we are doing and will do in future – using the powers and resources from our Devolution Deal, and the rapid progress we have made since – to drive jobs, inclusion, new homes and positive economic change in our region

The Plan outlines how, through strong collaboration and real innovation, we are helping to build the exemplar post-Covid city-region – that is net zero for the

climate, net-positive for UKPLC, and that truly delivers on the promise of levelling up. It shows how a true cross-sector collaboration is being built in the region, and sets out the tangible, real-world impact of our work – right now and in the next three years – enabling positive change from the Tyne to the Borders.

We have rapidly built credibility and a track record of delivery – building on the long history of investment, creativity and change within our three Authorities of Northumberland, Newcastle and North Tyneside. We are collectively prepared to do whatever it takes to secure our recovery and help shape the future. The following pages show how we will do this in practice.

Page 36

OUR VISION AND PURPOSE



Our North of Tyne vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future.

We work in partnership, we create connections between programmes and our projects and we are inclusive. Devolution has given us the chance to make our own decisions about our own future so we are targeting investment where we know we need it most, making a strong connection between economic growth and providing people with the skills, education and confidence to benefit from the opportunities that follow

NORTH OF TYNE, A SNAPSHOT



The economic impact of Covid continues to be felt by citizens, businesses and places:



The North of Tyne has specific challenges which will shape the nature of recovery and Levelling Up:



BUT...

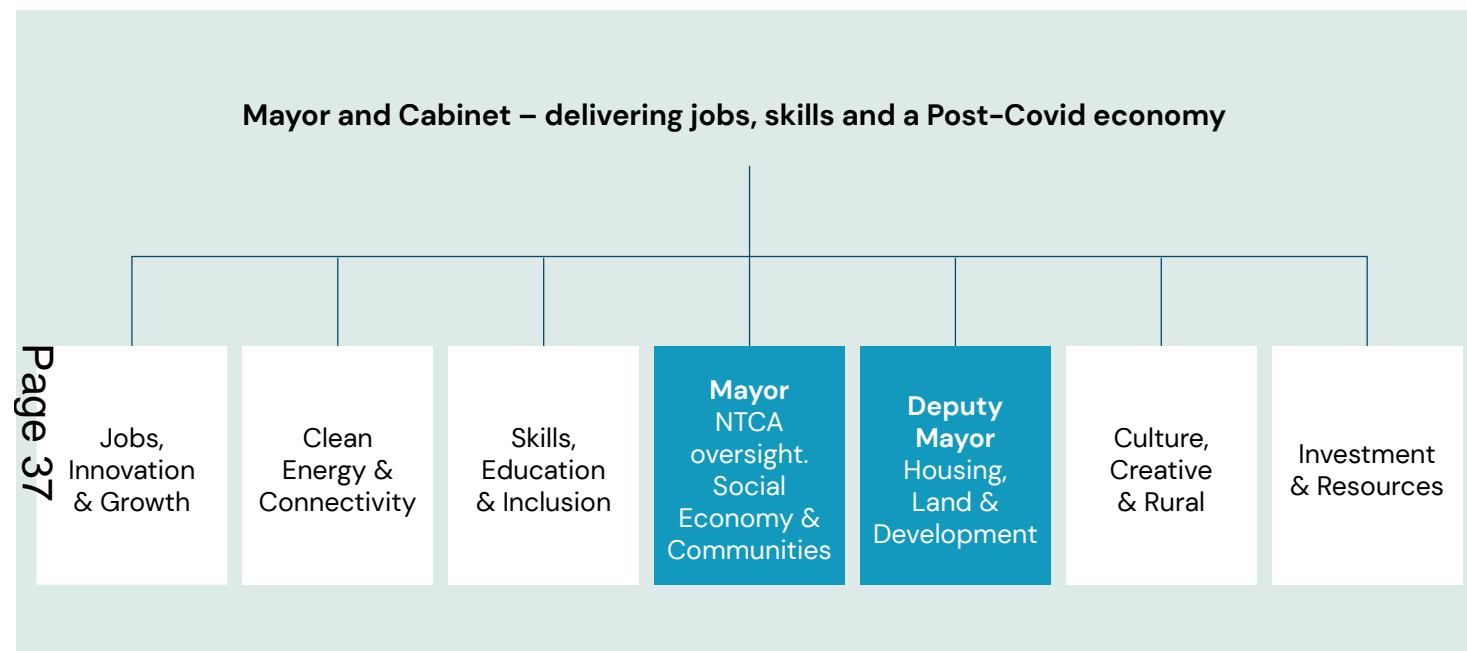
We are confident about our recovery. The basis for us to pivot towards a sustainable and inclusive future economy is here:



DELIVERING TOGETHER...



We are addressing these regional challenges through a bold programme of investment and reform – which is designed, delivered and governed through collaboration. Our Cabinet has overseen rapid progress through the first year of operation, and works together to ensure that we deliver the biggest social, economic and climate return possible.



Cabinet Members lead specific portfolios, and give collective strategic direction and oversight of our work. This also ensures that local priorities are reflected, and that we maximise the connection between our urban, rural and coastal geographies and our unique local assets and strengths.

The Mayor chairs the Cabinet, provides oversight of the programme, and plays a key role engaging with citizens, businesses, voluntary sector partners and with Government.

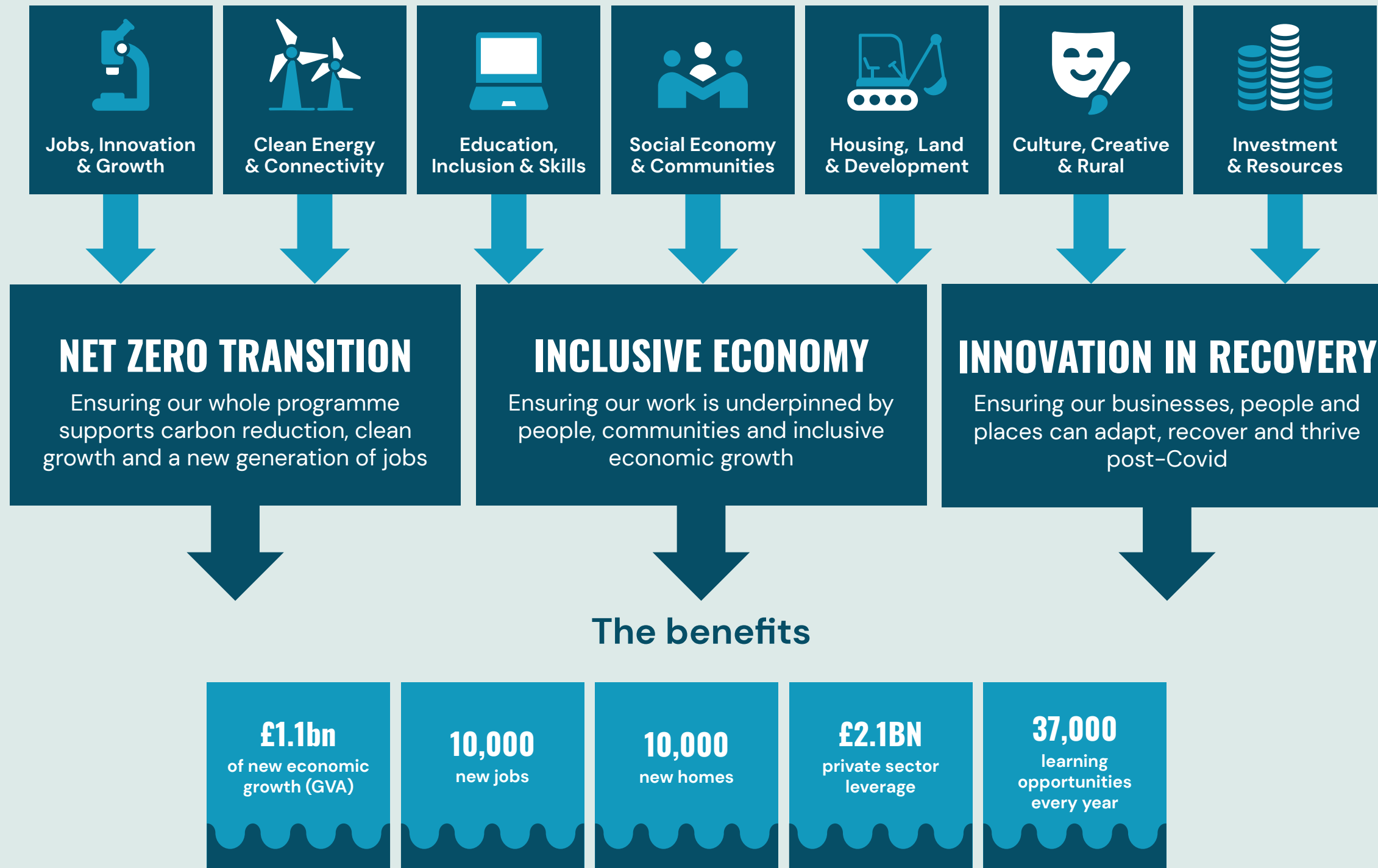
All are supported by an executive team built on close partnership between NTCA and constituent Local Authority officers.

Our Cabinet led portfolios...

| | | |
|--|--|--|
| | Jobs, innovation and growth | Building our capacity to innovate and create future jobs – through major investment in our transition to clean growth, green jobs and a modern, digitally connected economy. |
| | Clean energy and connectivity | Driving our clean energy revolution and connecting the region – leading the national charge through multi-million clean energy partnerships, innovation in offshore wind and bold transport connectivity projects |
| | Education, inclusion and skills | Expanding opportunities through skills, education and inclusion – through our £690m devolved adult education budget, new inclusion, education and employment & skills programmes. |
| | Social economy and communities | Supporting community resilience and readiness for change – through investment, engagement and co-production with communities in our climate assembly, community hubs and anchor institutions programmes. |
| | Housing, land and development | Accelerating new housing and regenerating our places – through bringing new resources to remediate land, and in major place-based schemes like the northumberland line, north shields and newcastle city centre. |
| | Culture, creative and rural | Boosting the productivity of our rural, cultural and creative economies – by investing in innovation, digital connectivity and recovery from the impacts of covid |
| | Investment and resources | Investing in inclusive growth that benefits all of our communities – with a £600m devolved investment fund, and major programmes of investment focused on inclusive growth, skills and innovation. |

And cross-cutting themes...

Our portfolios are underpinned by three cross-cutting priorities, which underpin everything we do. They are net zero, an inclusive economy and innovation in recovery. Together these portfolios and priorities form our strategic plan.



HOW WE WORK



Our values and ways of working...

We know that the way we work is just as important as the things we deliver. We have worked with Cabinet and wider partners and stakeholders to develop a clear set of values by which we work:



Driven by our mission – with clear goals, ambitious targets and a restless focus on ensuring long-term impact for our people, businesses and places. The evidence for this is in our investment fund commitments, recovery deal and Cabinet decisions on investment.



Collaborative by design – supporting a system response to complex challenges, and collaborating strongly in everything we do with our local, national and cross-sector partners. The evidence for this is in the number of partnerships we have grown and curated within the region and beyond.



Innovative and agile in delivery – a small team, proactively looking for new ways of working, delivering, and ensuring we add value, learn and adapt in a constantly changing context. The evidence for this is in our innovative funding models and the way we have adapted our delivery programme through Covid.



Inclusive and aware – celebrating difference and living by our values, including through ambitious equalities and social value policies and balanced headline investment fund commitments. The evidence for this is in our policies, our team values and behaviours, and in the strong focus on inclusion within our programme.



Showing leadership – being brave and investing early in areas where we can make a difference and leverage additional resource and collaboration. The evidence for this is in the foundational investments we are making in climate, digital, energy, housing and creative sector growth.

Funding, investment and resources

This section explains our investment and resources: where our money comes from, how it is allocated, and the impact that this investment is making. This journey from investment-to-impact is accountable to Cabinet, and overseen by the North of Tyne Investment Panel:

The foundation of our investment is a £600m fully devolved investment fund, which delivers £20m per year over a thirty-year period. The purpose of this fund is clear: to support accelerated, inclusive growth which creates new jobs and skills opportunities, and which helps build the foundation for long term, sustainable growth in the region.

Our Investment Fund is augmented by new funding streams worth almost £700m which have been secured since the original Deal – such as our Adult Education Budget, Brownfield Housing Fund and ERDF Growth Funds.

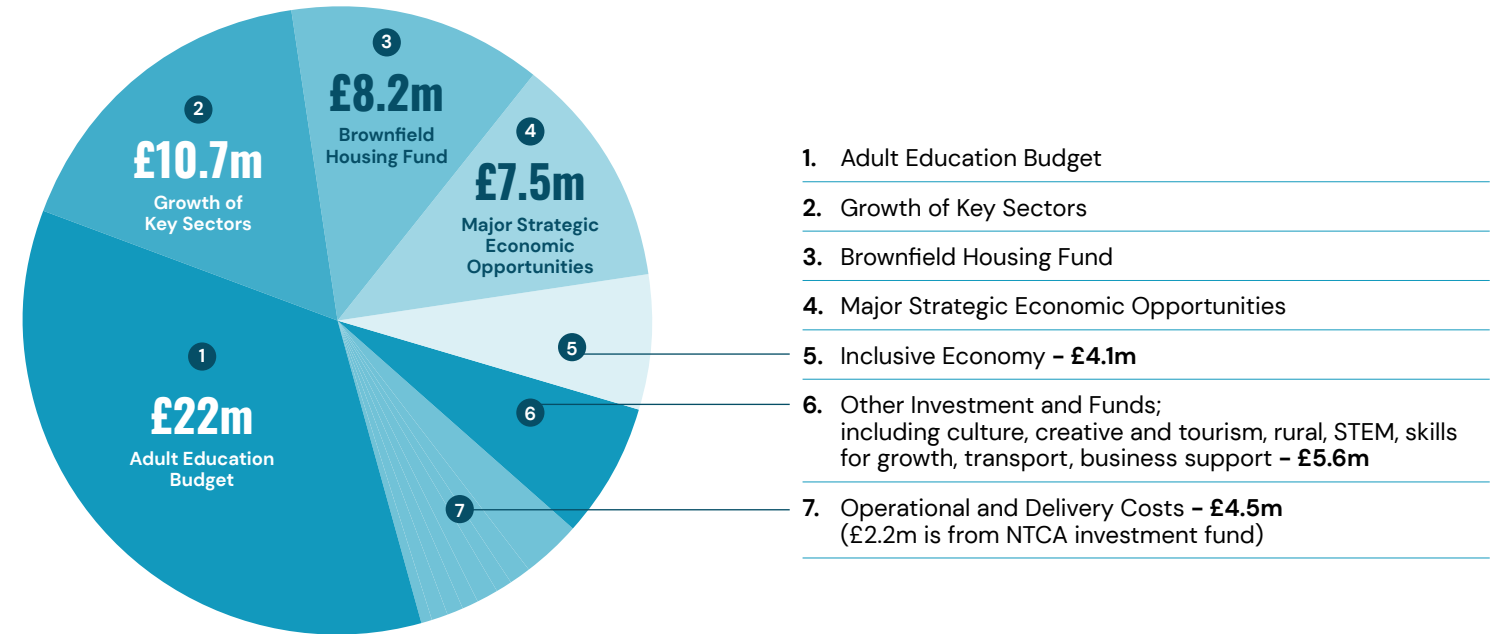
The North of Tyne Cabinet agreed a headline Investment Plan in April 2019 – which set out ambitions for delivery across a five-year period utilising the first £100m of Investment funds. This plan covers ‘business’, ‘people’ and ‘place’ elements as well as providing flexibility for us to pursue strategic opportunities as they arise. In addition, a small proportion is used to enable the Combined Authority to realise and effectively manage project delivery.

Over £70 million of this initial tranche has been allocated, with a significant proportion of this (over £40m) formally – and contractually – committed into tangible project delivery. This is reflected in the delivery plans on the next page.

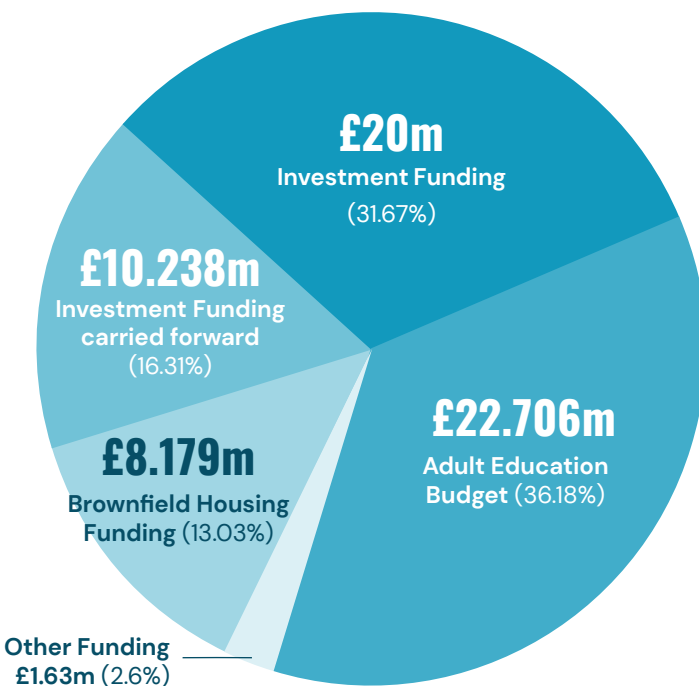
A proportion of our funds will also be recycled through recoverable grants, loans, and equity investments – through new investment and delivery vehicles such as the Green New Deal Fund. This helps to maximise the value against our interventions.

Where our money is going this year...

This diagram shows how we are spending our money in this coming financial year – totalling £62.75m across priorities.



Where our funding comes from...



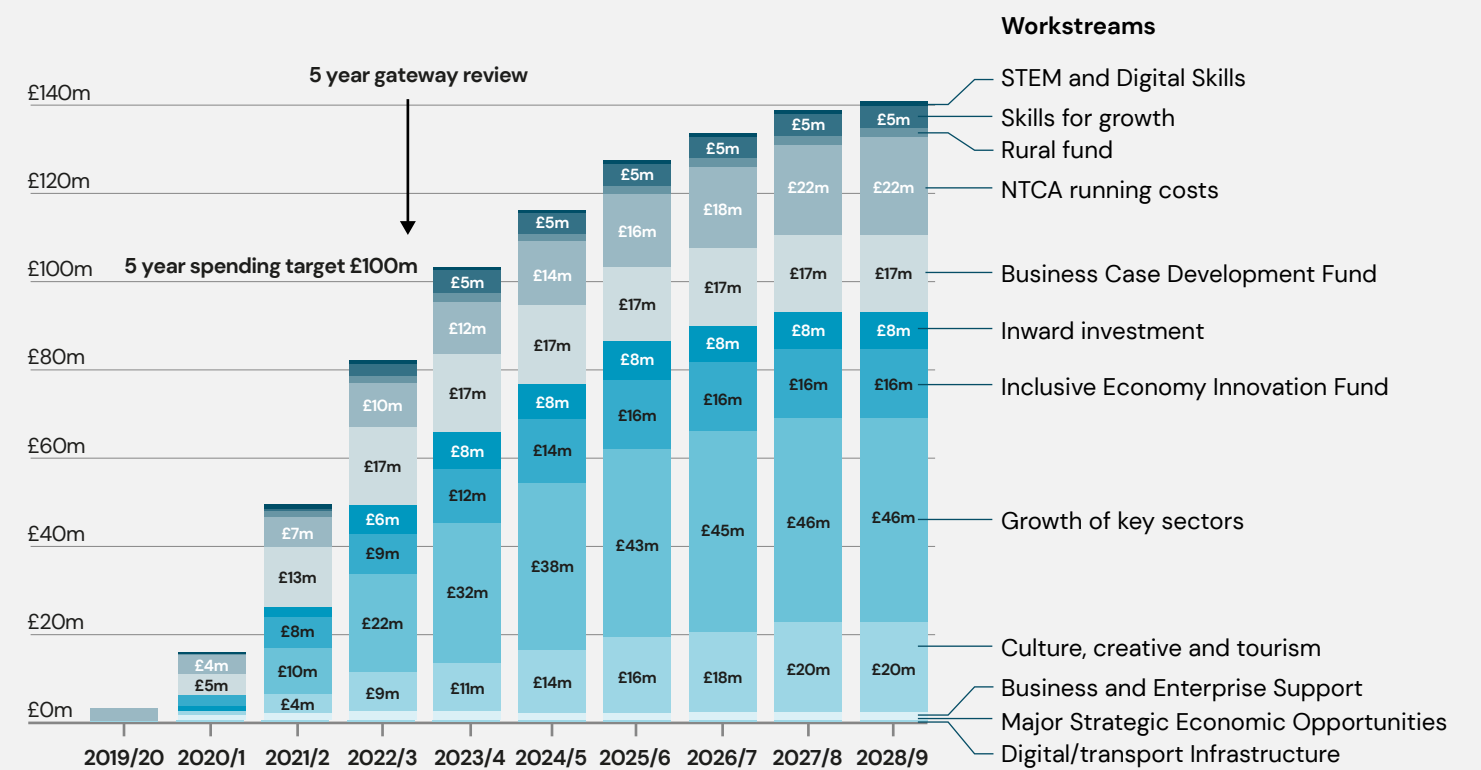
Where our funding comes from in 2021/22... total income £62.5m

...and how our share of funding has grown



Diagram 2 shows how NTCA annual income has grown – from £20m per year in the original Devolution Deal, to £62.5m this year including Adult Education, Housing and Growth Funding.

Forecast investment fund expenditure from 2019 to 2029



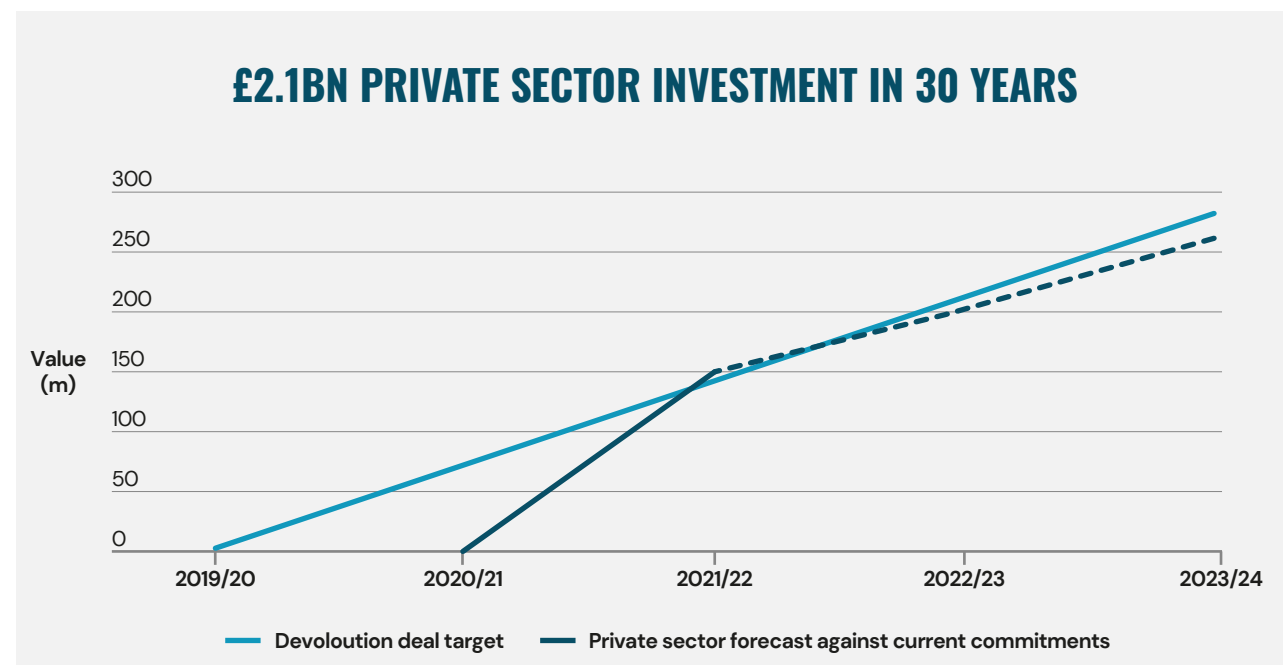
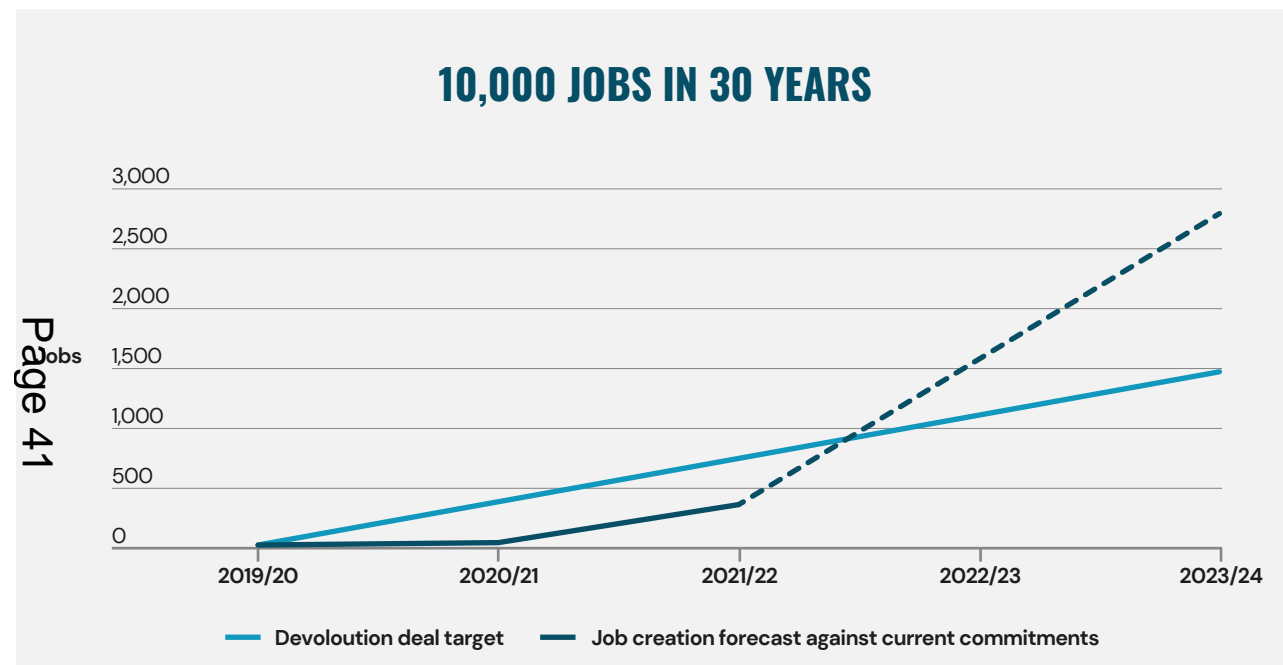
Note: Does not include AEB or Brownfield Housing money

MEASURING OUR IMPACT



Our targets

The devolution deal committed us to: adding an additional £1.1bn GVA to the economy, delivering 10,000 new jobs and leveraging over £2.1bn in private sector investment. This is a 'job a day' through the lifetime of the deal, with every £1 invested generating a further minimum of £3.50 of private sector investment. We are on track to meet and exceed these targets, with over 4,000 projected new jobs already in the pipeline which we will work hard to turn into real, sustainable careers for our citizens.



Understanding impact

We know that impact is everything. This is why we have established a robust Monitoring and Evaluation Framework that shows:

- How our priorities, mission and values translate into mechanisms for delivery
- How these mechanisms create value; and
- How we understand, measure and learn from the impact that we are making.

This journey from issue-to-impact is outlined in the diagram below. It is used to evaluate the delivery priorities set out within this corporate plan, and help us account for the impact we make to partners in the region and within Government.

Our policy priorities are drawn from NTCA's Devolution Deal, the Mayor's Manifesto, and the strategic direction shaped by our Cabinet.

This framework ensures that the NTCA is accountable for the investments that we make; but also that we can learn, adapt and improve the way that we work in a changing environment.

Summary of our approach:

1. DIRECTION SETTING:

Cross-cutting and delivery themes. Politically led portfolios giving direction on priorities. Taking into account devo deal and manifesto.

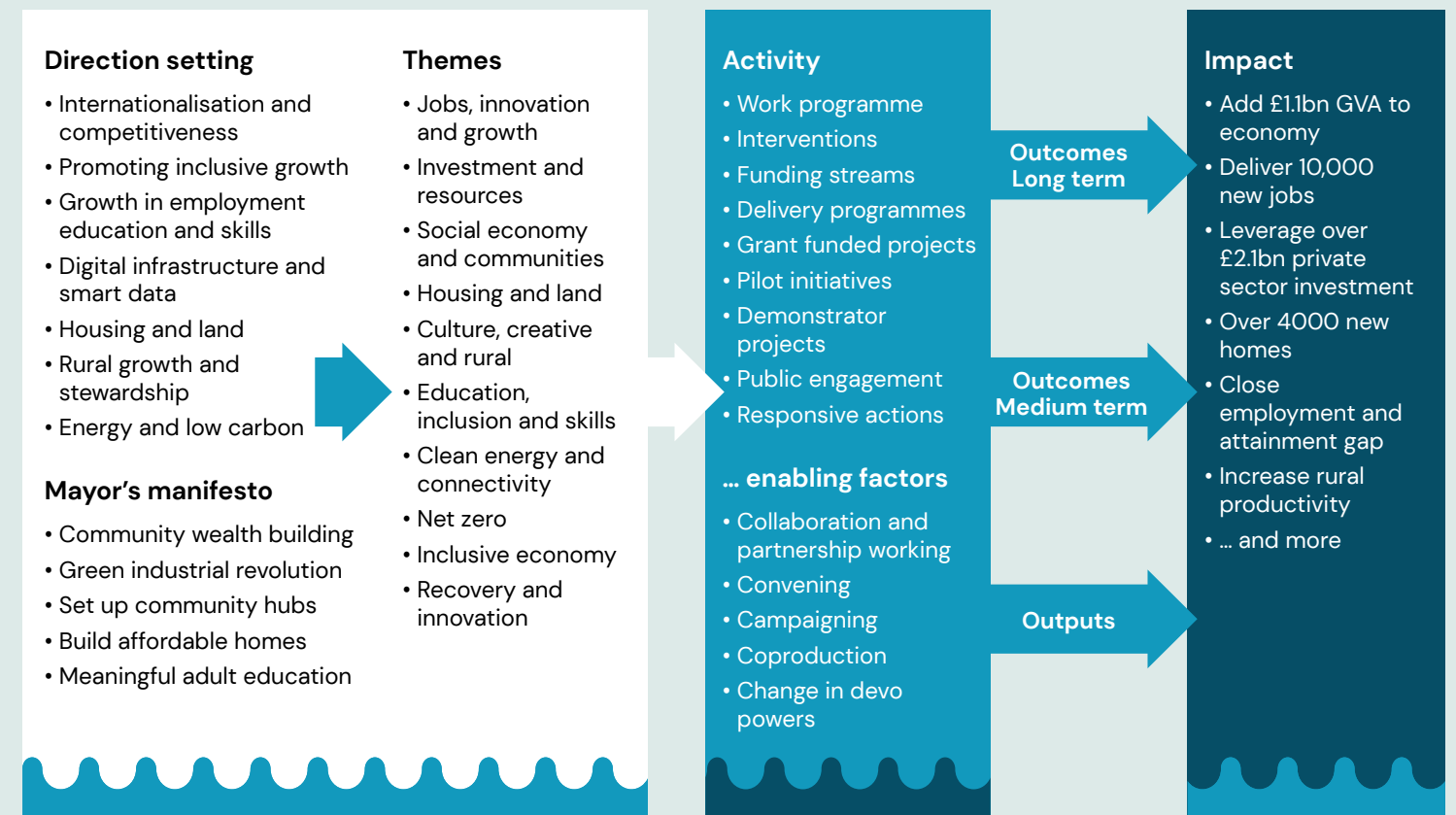
2. ACTIVITY:

Work programme, delivery programmes, projects and outputs linked to our short, medium and long terms outcomes.

3. IMPACT:

Evaluating what we do, and reporting back on our delivery.

Evaluation model...



Context – Government agendas / National covid crisis / Exit from Europe / Political change
Our values – Inclusive community / Collaboration / Curiosity / Empathy / Respect / Ownership

WHAT WE WILL DELIVER...



The delivery activity outlined here is an evolution of our programme, from the original devolution deal through to our post-Covid renewal plans. It shows a journey from past to present and future – giving confidence about our direction of travel, and the political direction that our Cabinet has given.

| | |
|--|--|
|  <p>Jobs, innovation & growth</p> | <ul style="list-style-type: none"> • A Green New Deal Fund which will deliver game-changing investment in green jobs • Bold investment in our digital economy, supporting jobs, growth and inclusion • Investment to secure our recovery from Covid through economic and public service innovation |
|  <p>Clean energy & connectivity</p> | <ul style="list-style-type: none"> • Multi-million pound investments into offshore wind infrastructure and supply chains • Connecting rural communities to super-fast broadband • Ensuring the Northumberland train line investment creates a corridor of jobs, skills and prosperity |
|  <p>Education, inclusion & skills</p> | <ul style="list-style-type: none"> • Delivering great adult education that supports learners back into work and opportunity • Shaping the skills of the future in partnership with our employers, colleges and providers • Delivering targeted, bespoke interventions to help young and vulnerable people into work |
|  <p>Social economy & communities</p> | <ul style="list-style-type: none"> • Creating real opportunities for citizens to influence policy and shape our net zero goals • Helping more employers to create opportunities for 'Good Work' • Becoming the exemplar Combined Authority in support of new zero investment and transition to a green economy |
|  <p>Housing, land & development</p> | <ul style="list-style-type: none"> • Delivering more new homes through investing in brownfield sites • Delivering a sustainable housing and infrastructure plan to underpin our places • Investing in critical regeneration priorities and our capacity to reduce carbon from housing |
|  <p>Culture, creative & rural</p> | <ul style="list-style-type: none"> • Investing in the future of our creative sector through our Culture and Creative Innovation Fund • Delivering a pipeline of major events to bring people together and help our places recover • Investing in innovation and connectivity to support our rural SMEs |
|  <p>Investment & resources</p> | <ul style="list-style-type: none"> • Delivering an Investment Programme that creates jobs, skills and growth in the region • Bringing real new jobs in to the region through our Inward Investment Fund • Ensuring our investment and operations are robust, best in class, and continually adding value |

FUTURE COMMITMENTS AND TRANSPORT



Future commitments

Clear investment and delivery plans for these issues will be brought through Cabinet during the next year:

Northumberland Line Economic Corridor Investment – a bold joint NTCA-Govt package supporting Northumberland Line economic corridor strategic sites – with clear investment priorities within each Authority and potential to accelerate housing and skills progress.

Clean Energy ‘Arc of Innovation’ Funding Package – an investment package securing growth and skills gains from Blyth, BV and Tyne Corridor – ensuring we are ready to take advantage of the investment potential of our clean energy sector and supply chain.

Expansion of our North of Tyne Digital fund – including NTCA 5G – expansion of our £20m digital programme – securing further rural connectivity, 5G, digital business growth and strong public sector digital collaboration to drive recovery, inclusion and growth.

Investment Vehicle for new jobs through Health Innovation – creating strong incentives for health and public service innovation, start-up, job and cluster creation – building on our National Innovation Centres and strong health R&D base.

City, Towns, High Streets and Rural Recovery – expansion of recovery and innovation support augmenting Govt schemes and supporting our places, sectors and specific housing sites. This may include a future high streets and city centre funding component.

Skills for Growth and Inclusive Economy Innovation Fund – expanding our funding to tackle unemployment, augment AEB & education improvement programmes, and leverage large-scale social investment.

‘Reawakening the Tyne’ investment plan – including flagship investments building on our ‘North Bank of the Tyne’ prospectus and North Shields Masterplan area.

Investment in Climate Action – following through on our citizens assembly, green economy summit, and collaborative working to support net zero transition in key industries and sectors

Building our Small Business Base – exploring ways of supporting SMEs, social enterprise and community-owned enterprise and support local supply chain innovation

Our role in regional transport

The NTCA exercises shared transport powers through the North East’s Joint Transport Committee, and delivers these priorities through strong cross-regional and cross-sector collaboration. Cabinet’s priorities include:



Maximising investment in our network

– including through access to the Intra-City Transport Fund, augmented bus partnership funding, future Metro revenue and capital, and through securing the remaining funding component of the Northumberland Line



Supporting major cross-regional priorities

– such as East Coast Mainline upgrade, Leamside Line, Metro extension programme and sustainable rural bus networks.



Prioritising active travel and efforts to reduce CO2 emissions across the network

– including through cycling and walking programmes, smart travel and future mobility initiatives.



Creating strong incentives to augment digital connectivity

– both through NTCA’s investment programmes, and across the North East more widely.

The NTCA team continue to work closely with the Transport North East team to realise these priorities.



OUR VISION FOR A DYNAMIC AND INCLUSIVE ECONOMY

What success looks like



INCLUSIVE ECONOMY • NET ZERO TRANSITION • INNOVATION IN RECOVERY

What we are doing

| | | | | | | |
|--|---|--|---|--|--|---|
|  Jobs, Innovation & Growth |  Clean Energy & Connectivity |  Education, Inclusion & Skills |  Social Economy & Communities |  Housing, Land & Development |  Culture, Creative & Rural |  Investment & Resources |
| Digital Growth & Innovation | Clean Energy | Adult Education & Skills | Citizen Engagement & Corporate Affairs | Brownfield Land | Culture & Creative | Investment Fund Management |
| Green New Deal | Transport & Mobility | Education Improvement | Social Value / Community Wealth | Strategic Sites | Events & Tourism | Inward Investment |
| Health & Urban Recovery | Rural Digital Connectivity | Inclusive Economy | Climate Policy | Infrastructure Planning | Rural Initiatives | Corporate & Financial Planning |

Our values

INCLUSIVE COMMUNITY • COLLABORATE • CURIOUS • EMPATHETIC • RESPECT • TAKE OWNERSHIP

Underpinning all we do

Context

| | | | |
|--|---|---|--|
| A strong digital and health economy, with the potential to improve productivity | A diverse economy with some sectoral vulnerabilities – but with significant potential to change and renew | A great quality of life – which is driving businesses and people to relocate to North of Tyne | An opportunity for the North of Tyne area to lead the green economy, for example in offshore energy and battery tech |
| Young people economically vulnerable post Covid-19, and 50% more likely to be furloughed | Covid-19's economic impact and legacy is unevenly spread | A low 'base-line' of many economic indicators, even before Covid-19, such as in employment, productivity, and R&D | Specific challenges in rural and coastal communities, such as over reliance on major employers or sectors |



Subject: 2020-21 NTCA Outturn Report including North East LEP and Invest North East England

Report of: Chief Finance Officer

Report Summary

The purpose of this report is to inform the Committee of the provisional 2020-21 outturn position of the North of Tyne Combined Authority (NTCA) including the Corporate Fund, Investment Fund, Adult Education Budget, and Brownfield Housing Fund. The 2020-21 outturn position is provisional at this point as it will be subject to external audit as part of the Audit of the 20-21 Statutory Accounts.

The North of Tyne Combined Authority became the Accountable Body for the North East LEP and Invest North East England from 1 April 2020. This report will also include the 2020-21 Outturn position for the North East LEP and Invest North East England in addition to reporting on the Accountable Body Budget. Including in the North East LEP report is 2021-22 budget and illustrations for future years to 2023-24 and in addition Invest North East England (INEE) 2021-22 budget.

Recommendations

The Overview and Scrutiny Committee is recommended to note the report on the 2020-21 NTCA provisional outturn position, including the North East LEP and Invest North East England 2020-21 financial outturn, including the North East LEP 2021-22 budget and illustrations to 2023-24, and Invest North East England (INEE) 2021-22 budget which was presented to Cabinet on 8 June 2021. Please see Appendix 1.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 At its meeting of the 8 June 2021, Cabinet members considered the report on the 2020-21 NTCA provisional outturn, including the North East LEP (LEP) and Invest North East England (INEE) 2020-21 financial outturn, with budget illustrations for 2021-22 and future years to 2023-24. The North East LEP 2020-21 financial outturn and budget illustrations for 2021-22 – 2023-24 have also been considered and approved by the LEP Board on 27 May 2021.
- 1.2 The report sets out the Combined Authority's financial performance in an outturn report. This reflects the Combined Authority's structure and is presented on a similar basis to the financial management reports that have been presented to Cabinet throughout the financial year. This report is also the end point of the Combined Authority's financial management process for the financial year to 31 March 2021. INEE was previously reported to the North East Combined Authority (NECA) Leadership Board with North of Tyne Combined Authority (NTCA) now the Accountable Body for INEE in addition to the LEP, the financial reporting is now reported alongside the LEP as part of the NTCA reporting processes. The report also includes performance in the year on the Accountable Body Budget.
- 1.3 The report sets out the provisional outturn position to be included in the Statutory accounts for 2020-21. The Accounts and Audit Regulations 2020/21, which took effect from 31 March 2021 revised the requirement for the audited accounts to be published from 31 July to 30 September. With the exercise of public rights, common inspection date being removed, and the draft accounts published no later than 1 August. This will require the Chief Finance Officer to certify the draft accounts by 31 July 2021 with the approval of the Accounts by Audit and Standards Committee taking place in September 2020. Audit and Standards have been briefed on these changes. The figures in this report will remain provisional until the completion of the Accounts. This revised regulation will apply also to the 2021-22 accounts.

2. Equalities Statement

- 2.1 The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. An equalities impact assessment has not been undertaken as there are no direct equalities impact to consider in light of this report.

3. Inclusive Economy Statement

- 3.1 The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The NTCA, LEP and INEE outturn and budget reports provide transparency and assurance that public funds allocated to the region have been used appropriately in line with the Vision and of the NTCA and Strategic Economic Plan of the LEP.

4. Climate Change Statement

- 4.1 The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. There are no direct considerations in relation to Climate Change arising from these specific finance reports other than reporting on the budget and expenditure in relation to Climate Change projects.

5. Consultation and Engagement

- 5.1 The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2020-21 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.

6. Appendices

Appendix 1: 2020-21 NTCA Outturn Report including the North East LEP and Invest North East Invest England.

7. Background Papers

28 January 2020 NTCA Cabinet Papers
28 May 2020 LEP Board Papers

8. Contact Officers

Janice Gillespie, Chief Finance Officer, Tel: 0191 6435701
Janice.gillespie@northoftyne-ca.gov.uk

9. Glossary

| | |
|---------|--|
| NTCA | North of Tyne Combined Authority |
| LEP | Local Enterprise Partnership |
| INEE | Invest North East England |
| Outturn | Financial performance position at the end of the financial year. |

Subject: 2020-21 NTCA Outturn Report including North East LEP and Invest North East England

Report of: Chief Finance Officer

Report Summary

The purpose of this report is to advise Cabinet on the provisional 2020-21 outturn position of the North of Tyne Combined Authority (NTCA) including the Corporate Fund, Investment Fund, Adult Education Budget, and Brownfield Housing Fund. The 2020-21 outturn position is provisional at this point as it will be subject to external audit as part of the Audit of the 20-21 Statutory Accounts.

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Recommendations

The Cabinet is recommended to note:

1. Note the NTCA provisional 2020-21 Outturn position for the Corporate Fund (section 1.3), Investment Fund (section 1.4)
2. Note performance against the Brownfield Housing Capital Budget and Investment Fund Capital Budgets (section 1.5).
3. Note performance against the Adult Education Budget (section 1.6)
4. 2020-21 Decisions made in relation to reserves and balances (section 1.7).
5. The Accountable Body Budget Outturn position and the funding position (section 1.8).
6. The Combined Authority's Treasury Management performance (section 1.9).
7. The North East LEP 2020-21 Outturn position and 3-year Outline Budget position (Appendix A).
8. The Invest North East England 2020-21 Outturn position (Appendix B).

1. Background Information, Proposals and Timetable for Implementation

1.1 Summary

- 1.1.1 This report sets out the provisional outturn position to be included in the Statutory accounts for 2020-21. The Accounts and Audit Regulations 2020/21, which took effect from 31 March 2021 revised the requirement for the audited accounts to be published from 31 July to 30 September. With the exercise of public rights, common inspection date being removed, and the draft accounts published no later than 1 August. This will require the Chief Finance Officer to certify the draft accounts by 31 July 2021 with the approval of the Accounts by Audit and Standards Committee taking place in September 2020. Audit and Standards have been briefed on these changes. The figures in this report will remain provisional until the completion of the Accounts. This revised regulation will apply also to the 2021/22 accounts.

- 1.1.2 The Accounts are a statutory document which set out the Authority's financial position and performance for the year in a series of formal accounts prepared according to specific and regulatory framework. Successive changes to local government accounting practice and the way in which the Combined Authority is structured have made the accounts a very technical document. This report sets out the Authority's financial performance in an outturn report. This reflects the Combined Authority's structure and is set out in a similar basis to the quarterly budget monitoring reports presented to Cabinet throughout the year.
- 1.1.3 When the 2020/21 Budget and MTFP were agreed in January, nobody could have predicted the financial impact of the COVID-19 pandemic both nationally and locally. Reports published by both the Office for National Statistics and the Office for Budget Responsibility describe the significant economic impact that COVID-19 has had on public sector finances; this impact has also been felt locally.
- 1.1.4 Throughout the response to the pandemic, the Combined Authority has worked with regional colleagues to support the submission for Recovery Support and Finance for the North East. In addition the Authority has taken a proactive approach to support for particular sectors impacted by the Pandemic, some examples of this include the continuation of the support to enhance short-term skills, jobs and inclusive economy interventions – Kickstart, Youth Hubs, Good Work Pledge, Culture and Tourism Recovery, Climate innovation and Growth of the Digital Sector. Included in the Investment Fund update to Cabinet today is the proposed allocation of £10.000m of Investment Funds to proceed with a North of Tyne Recovery Innovation Deal to supporting our businesses, social enterprises and Local Authorities to proactively innovate business models and sustain jobs in sectors that have been hit by the crisis.
- 1.1.5 The Mayor and Cabinet have continued to be clear in their approach to ensuring the North of Tyne Combined Authority is a lean organisation. The outturn performance reflects this with an underspend against budget of £0.599m. The outturn position reflects the 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 authority.
- 1.1.6 As part of statutory reporting regulations there is a requirement to ensure there is a clear audit trail between the outturn figures reported to Cabinet and those published in the Statement of Accounts. For 2020-21 there are no specific statutory accounting adjustments that will apply directly to the Combined Authority, however, the statutory accounts will include an element of the accounts for the North East Combined Authority that relate to transport activities that can be attributed to the North of Tyne Authorities. The financial year 2020-21 is also the first year that the North East LEP and Invest North East England figures will be incorporated into the NTCA Statement of Accounts as their Accountable Body. For this purpose, the Accountable Body Budget outturn position is reflected in section 1.8 including the funding sources.

1.2 **Outturn and Reserves**

- 1.2.1 The budget for 2020-21 was approved by full Cabinet at its meeting of 28 January 2020. Included in that budget was estimated expenditure across the year for both the Corporate Budget, Investment Fund and Adult Education Budget. The Corporate Budget was set at a net zero position covering the costs associated with capacity to deliver. The Investment Fund Budget was set at £15.423m reflecting the costs associated with continuing development of proposals to be delivered from the Investment Fund. The Adult Education Budget (£13.279m) reflected the first year of delivery and was based on a part year reflecting delivery on the academic year from August to March 2021. Brownfield Housing Fund was secured mid-way through the financial year and hence was not reflected in the original budget proposals.

1.2.2 The Outturn for 2020-21 indicates a net income position of (£0.599m) for the Corporate Budget based on the budgeted level of contribution from the Investment Fund of (£1.400m).

1.2.3 The reserves position reflects the position on the Investment Fund Reserve at the end of the financial year 2020-21 and shows the Strategic Reserve maintained at £0.200m.

1.3 Corporate Budget Outturn

1.3.1 The Corporate Budget Outturn is presented in Table 1. The narrative below provides more detail.

Table 1 Corporate Outturn 2020-21

| Corporate Budget 2020-21 | 2020-21 Budget | 2020-21 Outturn | Variance |
|--|-----------------------|------------------------|-----------------|
| Expenditure | £m | £m | £m |
| Staffing/Secondments | 2.401 | 2.210 | (0.191) |
| Advisors External | 0.070 | 0.094 | 0.024 |
| Other Expenditure | 0.539 | 0.583 | 0.044 |
| SLA with Constituent Authorities | 0.403 | 0.298 | (0.105) |
| Use of Reserves BR Pilot/EU Exit/Veterans | 0 | 5.057 | 5.057 |
| JTC Levy | 27.074 | 27.074 | 0 |
| Gross Expenditure | 30.487 | 35.316 | 4.829 |
| Income | | | |
| Investment Fund (IF) Contribution | (1.400) | (1.400) | 0 |
| Mayoral Capacity Fund | (0.750) | (1.000) | (0.250) |
| Adult Education Budget Contribution | (0.526) | (0.541) | (0.015) |
| Contributions from Constituent Authorities | (0.111) | (0.111) | 0 |
| Programme support costs recovered from IF | (0.451) | (0.315) | 0.136 |
| Brownfield Housing Programme Costs | 0 | (0.194) | (0.194) |
| Use of Reserves | 0 | (5.057) | (5.057) |
| Investment Interest Receivable | (0.175) | (0.373) | (0.198) |
| JTC Levy | (27.074) | (27.074) | 0 |
| Gross Income | (30.487) | (36.065) | (5.578) |
| Net Income/Expenditure | 0 | 0.749 | 0.749 |
| C/F Sector Commissioning underspend | 0 | 0.150 | 0.150 |
| 2020/21 Outturn/Transfer to General Reserve | 0 | (0.599) | (0.599) |

1.3.2 Gross expenditure outturn position for the year was £35.316 including the JTC Levy, this is £4.829m over budget this is primarily due to the drawdown from reserves in relation to payments returned to the three Constituent Authorities in respect of the Business Rates Pooling Pilot in 2019-20 (£4.877m). These monies were received in 2019-20 from the Constituent Authorities and were held in reserve on the balance sheet as at 31 March 2020. The decision was taken in 2020-21 to return the respective amounts back to the Authorities to be used in relation to the Covid-19 pandemic. Homeless Veteran Grant was also drawn down from the balance sheet and split equally among the Constituent Authorities (£0.090m) and Preparing to Exit funding from MHCLG (£0.090m) was drawn down and paid over to the North East LEP for delivery in relation to Brexit. Total payments made, from draw down from reserves (£5.057m).

- 1.3.3 The staffing expenditure budget was underspent by (£0.191m) due primarily to a lower rate of superannuation (5.2%) compared to that reflected in the budget estimates (20%), although the number of staff employed directly by the Combined Authority rose from 41 to 58 staff over the course of the year with the majority of these posts linked directly to delivery on specific programmes within the Investment Fund.
- 1.3.4 Expenditure on Service Level Agreements (SLA's) was lower than compared to budget, a reduction of £0.105m, this reflected an ongoing review of SLA's to ensure services provided are in line with support required by the Combined Authority. Expenditure against the Accommodation budget was lower than anticipated due to delay in moving into the Lumen as a consequence of the pandemic, £0.178m against a budget of £0.269m. A new Management Information System was purchased during the year to assist on reporting and monitoring on the Investment Fund (£0.056m cost in year one), the North East LEP will also benefit from this new system and have provided a contribution towards the development costs of (£0.019m) shown under income on Table 1. Development on a new website for the Combined Authority was purchased (£0.024m). Pension Contribution to the North East LEP (£0.128m) funded through the reduction in the superannuation rate as detailed above. In addition to this savings against budget were shown against travel and subsistence (£0.037m) and Marketing and Communications (£0.036m).
- 1.3.5 External Advisor costs were £0.094m, £0.200m was earmarked from 2019-20 underspend to fund commitments in relation to sector commissioning work. Only £0.050m of this element of the budget was spent, however, the balance of £0.150m will be carried forward to fund the continued commitments.
- 1.3.6 Gross Income exceeded budget in the year by £5.578m, this includes the Business Rates Pilot and Veteran and Preparing to Exit funding as detailed in 1.3.2 (£5.057m). The remaining income balance (£0.521m) includes additional £0.250m Mayoral Capacity Grant, the increase in Mayoral Capacity Grant was across all Combined Authorities and an additional £1.000m has been awarded in 2021-22. Interest on investment income was higher than budgeted £0.373m against the budgeted income level of £0.175m. This was due in part to holding a high level of balances at the beginning of the year to invest with other Local Authorities.

1.4 Investment Fund

- 1.4.1 As at the end of financial year 2020-21 the Investment Fund total commitments stood at £62.380m against 66 live contracts. A strong pipeline of high-quality projects is in development with several significant investments planned over the coming months. This includes interventions to grow our digital and ageing sectors, as well support for our residents, creating opportunities to develop new skills and progress into employment
- 1.4.2 To date the Combined Authority has achieved:
- A commitment of £62.38m against 66 live projects – out of a total programme value of £90m to March 2023
 - These projects will attract £193m of private sector leverage and are forecast to deliver 4193 jobs and safeguard a further 2673.
 - Of these, the first 179 new jobs have been created and 900 safeguarded.

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

Table 2 Investment Fund Key Themes Commitments

| | Committed | Allocation | % Allocated |
|--|------------------|-------------------|--------------------|
| | £m | £m | |
| Business | 37.2 | 45.30 | 82.12% |
| People | 9.49 | 17.30 | 54.86% |
| Place | 6.59 | 13.25 | 49.74% |
| Major Strategic Economic Opportunities | 7.15 | 9.65 | 74.09% |
| Business Case Development Fund | 1.95 | 4.50 | 43.33% |
| | 62.38 | 90.00 | 69.31% |

1.4.3 Table 3 shows the spend on the Investment Fund end of financial year 2020-21.

Table 3: Investment Fund Outturn 2020-21

| | 2020-21 Budget | 2020-21 Outturn | 2020-21 Variance |
|---|---------------------------|----------------------------|-----------------------------|
| | £m | £m | £m |
| Expenditure | | | |
| Business Case Development Fund | 1.023 | 0.244 | 0.779 |
| Workstreams | 12.750 | 5.466 | 7.284 |
| Technical Support | 0.250 | 0.140 | 0.110 |
| Corporate Contribution | 1.400 | 1.400 | 0.000 |
| Corporate resource recharges | | 0.238 | -0.238 |
| Total Expenditure | 15.423 | 7.488 | 7.935 |
| | | | |
| Income | | | |
| Total Income | -20.000 | -20.000 | 0.000 |
| | | | |
| Net Position (Inc) / Expenditure | -4.577 | -12.512 | -7.935 |

1.4.4 The financial performance reported in Table 3 is actual spend against the plan during 2020/21, but clearly Table 2 illustrates the significant progress made in decision and actions to deliver the overall programme. Delivery against the Investment Fund Programme has been delayed for a couple of specific reasons. Firstly, the impact of Covid-19 Pandemic has been felt across the programme, impacting pace of delivery as projects have had to revise delivery mechanisms to enable activity to continue. This has led to a number of projects having to re-profile expenditure into future years. This remains the highest programme risk, along with pressure on resources as activity both on developing pipeline and contract management increases and has been regularly reported to Investment Panel.

1.4.5 Additionally, withdrawal from the European Union has led to a number of projects experiencing delays in agreeing Grant Funding Agreements. This has resulted in expenditure that had been forecast for 2020-21 being re-profiled into 2021-22 and is in part due to recipients adjusting to the changes in regulations from State Aid to Subsidy Control. NTCA have worked proactively with legal colleagues to understand the changes and develop solutions to reduce the risk of ongoing delays. These solutions have been embedded into the application and contracting processes.

1.4.6 Whilst delivery has been delayed in some areas, the quality of delivery continues to be strong. Relationships with grant recipients remain strong and organisations have been keen to work with NTCA to design and embed innovative delivery approaches, ensuring that projects can continue to meet the aims, objectives, and outputs that they set out to achieve. Additionally, the pipeline has

continued to develop with a number of schemes announced early in 2021, including the Green New Deal Fund which will deliver a significant amount of expenditure and outputs.

- 1.4.7 Within the above investment fund workstream there are the following projects which include funding to be spent on capital schemes:

Table 4 Investment Funded Capital Schemes

| Project | 2020-21 | 2021-22 | 2022-23 | Total |
|--|----------------|----------------|----------------|--------------|
| | £m | £m | £m | £m |
| NU Futures | 0.334 | 1.637 | 0.029 | 2.000 |
| North of Tyne Science Education Enrichment Programme | 0.023 | | | 0.023 |

1.5 Brownfield Housing Fund

- 1.5.1 NTCA secured £23.850m from Government’s £400m national Brownfield Housing Fund during 2020-21. 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. In addition, NTCA secured £0.550m in revenue funding to support the acceleration of delivery in the earlier years of the programme, the in-year use of funding against the £0.550m is reflected in the Corporate Budget in Table 1. 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 In November 2020, following the gateway process, 14 schemes totalling £21.000m were formally agreed onto the programme whilst further schemes were being developed. In January to March 2021, the gateway process was repeated for an additional 12 sites, which were collated in collaboration with local authorities. This included new sites and those that didn’t pass the gateway first time. Following this process an additional five sites were formally agreed onto the programme, resulting in a current total pipeline of 19 schemes which have 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.

In terms of approvals NTCA have approved the following schemes, totalling £9,833,000

- Scotswood (The Rise Phase 2)
- Newbiggin Hall.
- North Shields Masterplan Area

These schemes have been contracted and are now delivering on the ground, the following section sets out further detail on each scheme.

Due to the late confirmation and receipt of funding in year expenditure achieved was £0.585m against the funding allocation for year 1 of £4.854m, the balance of funding from year 1 has been slipped into year 2, 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 |
| Funding Profile | 24.000 | 5.000 | 8.100 | 6.700 | 3.100 | 1.100 |
| Funding Profile with 7 underspend carried forward to year 2 | 23.854 | 0.585 | 12.368 | 6.700 | 3.100 | 1.100 |
| Projected Programme Spend | 26.184 | 0.585 | 11.693 | 6.925 | 6.687 | 0.293 |

The Combined Authority are required to provide an annual statement back to MHCLG with sign-off by the Chief Internal Auditor on spend and outputs reported.

1.6 Adult Education Budget (AEB)

- 1.6.1 In August 2020 the NTCA took control of a £23.145m Adult Education Budget (AEB), secured as part of the devolution deal. With Cabinet approval the devolved AEB was allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services (via the establishment of a procurement framework).
- 1.6.2 Delivery of the AEB commenced on the 1st August 2020 and the impact of COVID-19 is being closely monitored, both in terms of learner engagement during the pandemic and providers performance against delivery plans and payment profiles that were set out at the beginning of the academic year. Performance against delivery is reviewed at quarterly monitoring points the first of which was in November 2020.
- 1.6.3 All NTCA funded AEB providers submitted a detailed delivery plan and payment profile for the academic year 2020-21. Providers are paid monthly, in arrears, against their payment profile, with reconciliation points throughout the year. Providers have implemented innovative plans to ensure that delivery continues throughout the COVID pandemic including transferring provision on-line where possible, supporting vulnerable learners through one to one video calls, and ensuring that classrooms and venues have effective safety measures in place.
- 1.6.4 NTCA also implemented new funding flexibilities from January 2021 to support providers with the impact of the crisis. These flexibilities included a fully funded non-accredited learning aim which can be utilised to provide informal activity to support learner engagement. A further flexibility removed the requirement for employed residents to contribute 50% towards the cost of their learning.
- 1.6.5 In recognition of the unprecedented impact on AEB delivery that COVID-19 restrictions have had during this academic year (AY) 2020-21, the Combined Authority explored a number of options in relation to the management of funding allocations and funding flexibilities to support delivery into AY 2021-22. To ensure a stable financial footing for the NTCA provider base going into the next funding year, whilst also ensuring the appropriate use of public funds.
- 1.6.6 The recommended option through delegated decision was to enable all providers to carry any 'under delivery' against their 2020-21 funding allocations into AY 2021-22 with no reconciliation applied in this funding year. To give all providers the option to continue to receive payments on profile until the end of the 2020-21 academic year (AY) so that they receive their full funding allocations. Any under-delivery against the 2020-21 allocations can be carried into 2021-22. This option ensures that providers are not unfairly penalised for under-delivery in 2020-21 due to circumstances outside their control i.e. COVID-19.
- 1.6.7 Table 6 below shows the actual expenditure on AEB for 2020-21, based on the agreed option to allowing all providers to carry forward under delivery against their 2020-21 funding allocations.

Table 6 Adult Education Budget 2020-21 Outturn

| | Academic Year August to March 2021 | | |
|---------------------------------|------------------------------------|----------------|------------------|
| AEB Outturn 2020-21 | Budget 2020-21 | Actual 2020-21 | Variance 2020-21 |
| Expenditure | £m | £m | £m |
| Grant Awards | 8.965 | 9.282 | 0.317 |
| Procured Services | 3.884 | 3.729 | (0.155) |
| High Value Courses | 0 | 0.137 | 0.137 |
| Swaps | 0 | 0.013 | 0.013 |
| Corporate Contribution | 0.396 | 0.425 | 0.029 |
| Total Expenditure | 13.245 | 13.586 | 0.341 |
| Income | | | |
| Funding Sources | (13.245) | (13.586) | (0.341) |
| Net position (Inc) / exp | 0 | 0 | 0 |

1.6.8 NTCA will monitor the 'carry in' delivery and have the option to recover funding at set reconciliation points in AY 2021-22 if underperformance occurs unrelated to the pandemic. This provides financial stability for providers with funding available to the end of the AY 2020-21 and into AY 2021-22 for longer term recovery planning.

1.6.9 The financial implications in terms of funding carried into the AY 2021-22 based on current projections would result in a carry-in of £3,271,032 with no funding recovery from providers.

1.7 Reserves

1.7.1 Reserves held at 31 March 2021 are detailed below in Table 7.

Table 7 Reserves as at 31 March 2021

| Reserves Statement | 2019-20 | Movement in Reserve | 2020-21 |
|---|---------------|---------------------|---------------|
| | £m | £m | £m |
| Homeless Veteran Grant Reserve | 0.091 | (0.091) | 0 |
| Preparing to Exit Europe Grant | 0.272 | (0.090) | 0.182 |
| Business Rates Pilot 2019/20 | 4.909 | (4.909) | 0 |
| Strategic Reserve | 0.200 | | 0.200 |
| Investment Fund Reserves | 36.839 | 13.111 | 49.950 |
| Total General (Useable) Reserves | 42.311 | 8.021 | 50.332 |

1.7.2 Useable Reserves have increased by £8.021m to £50.332m. The movement is due to the drawdown of the Business Rates Pilot Reserve to be paid back out to the three Constituent Authorities to provide support in relation to Covid-19 (£4.909m). The Homeless Veteran Grant (£0.091m) was drawn down and paid out in equal amounts to the three Constituent Authorities for specific delivery in line with grant objectives. Preparing to Exit Grant of (£0.090m) was drawn down and paid over to the North East LEP for delivery in relation to Brexit.

1.7.3 The Investment Fund Reserve has increased by £13.111m to £49.950m. The level of the reserve reflects Investment Fund monies received to date of £60m with delivery on projects at the initial stages of development. Table 2 shows the level of commitment to date against the five-year gateway review point as £62.380m which will see the level of the reserve reduce.

1.8 Accountable Body Budget

1.8.1 All seven local authorities (LA7) in the North East area currently contribute £0.010m to meet the costs of the North East (LEP) Accountable Body role. This funding covers the SLA providing support to the North East LEP in 2020-21.

1.8.2 Additional costs over and above the SLA charges (£0.058m) relate to finance and legal advisory costs and the North East LEP share of the insurance premium. These costs are funded from interest earned on investment income on the North East Investment Fund (NEIF) balances. The budget is kept under review for any new areas of work that are identified over and above the budget that is agreed, the 2021/22 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 8 shows the 2020-21 North East LEP Accountable Body Outturn.

Table 8 North East LEP Accountable Body 2020-21 Outturn

| 2020-21 North East LEP Accountable Body Outturn | |
|--|----------------|
| | 2020-21 |
| Expenditure | £m |
| Service Level Agreements | 0.068 |
| External Support | 0.060 |
| Total Expenditure | 0.128 |
| | |
| Income | |
| LEP Accountable Body Contributions (LA7) | (0.070) |
| Interest Income (NEIF) | (0.058) |
| Total Income | (0.128) |

1.9 Treasury Management

1.9.1 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 2020/21 Treasury Management Strategy on 28 January 2020.

1.9.2 A key part of the 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 Authority's low risk policy, providing adequate security and liquidity before considering investment return.

1.9.3 A key element of the treasury management function is the management of the funding associated with the Authority's capital investment plans. These capital plans provide a guide to any borrowing needs of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer term cash flow surpluses.

1.9.4 Borrowing

At this current time the Authority does not have the powers to borrow other than for

Transport responsibilities, the borrowing that will be reflected in the 2020-21 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.

1.10 Financial Investments

- 1.10.1 The 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 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.
- 1.10.2 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.
- 1.10.3 To date the 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 authority's financial limits against this type of investment is shown in Table 9 below:

Table 9 NTCA Investment Financial 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 |

- 1.10.4 Investment income earned in 2020-21 was £0.373m, £0.198m higher than the budget (£0.175m). The original budget was set at a prudent level and based on primarily investing with the Debt Management Office (DMO). NTCA have now onboarded with brokers ICAP, Tradition and Imperial to enable investment with other Local Authorities for a term up to 12months, in line with the Treasury Management Strategy, which has yielded higher levels of interest than that of the DMO.
- 1.10.5 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. As at 31 March 2021 NTCA, including LEP balances, had a portfolio of £70.000m with an average rate of 0.49% invested earning in total £0.697m interest from investments with other local authorities for

a term no greater than 1 year. The interest has been split at year end across NTCA and LEP according to balances invested, the LEP proportion of investment income is £0.323m with £0.058m contributing to funding of the Accountable Body costs, see section 1.8 above. The additional level of investment income has allowed investments to be placed for a longer-term (up to 1 year) attracting higher levels of interest.

- 1.10.6 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. The average rate of return earned by NTCA (0.49%) exceeds the risk adjusted expectations as defined in the benchmarking report of 0.24%.
- 1.10.7 Given that average Money Market Fund return started at rates of 0.28% to 0.48% in April and have fallen to below 0.1000%, the achievement of an average rate of return of 0.49% is worth noting. This has been achieved through the placement of funds with a number of Local Authorities for up to 12 months at rates of 0.7% to 1.0% in the earlier part of the financial year. Analysis of cash flow forecasts early in the year (March 2020, following the first cut to Bank Rate) identified that funds could be placed for this duration due to the increased level of investment income as a result of the additional LEP monies. This provided an opportunity to agree 'forward' deals with Local Authorities that were concerned about liquidity in the market and anticipated a need at that time.
- 1.10.8 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. Link Asset Services indicates in its forecast that there is no increase in Bank Rate expected within the forecast horizon ending on 31st March 2023.
- 1.10.9 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.

1.11 North East LEP and Invest North East England

- 1.11.1 Appendix A to this report includes the 2020-21 Outturn position for the North East LEP including the three-year indicative budget position, that is to be presented to LEP Board 27 May 2021. This includes performance of the Enterprise Zone account, Local Growth Fund and North-East Investment Fund. A small revenue surplus of £0.010m was generated on the LEP's core revenue budget, which is comparable to the surplus of £0.011m projected in the revised estimate for the year reported to the Board in January 2021. The LEP's General Reserve increased to £0.613m.
- 1.11.2 Invest North East England (INEE) 2020-21 Outturn position and 2021-22 Budget is shown in Appendix B.

2 Potential Impact on Objectives

- 2.1.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. The 2020-21 Outturn 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 report sets out in full the financial and resource implications that have arose over the past financial year 2020-21.
- 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 Under the Accounts and Audit (Coronavirus) Amendment Regulations 2020 (SI 2020/404) the statutory audit deadline for all local and combined authorities was extended from 31 July to 30 September 2021, the Combined Authority is required to publish their draft accounts by 31 July 2021. 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.
- 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.

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 2020-21 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: North East LEP 2020-21 Outturn and 2021-22 Budget Report

Appendix B: Invest North East England 2020-21 Outturn and 2021-22

11 Background Papers

28 January 2020 NTCA Cabinet Papers

28 May 2020 LEP Board Papers

12 Contact Officers

Janice Gillespie, Interim Chief Finance Officer,

E-mail address: Janice.gillespie@northtyneside.gov.uk

Tel: 0191 6435701

13 Glossary

| | |
|----------------|---|
| AEB | Adult Education Budget |
| INEE | Invest North East England |
| LA7 | 7 Tyne and Wear Local Authorities |
| NTCA | North of Tyne Combined Authority |
| North East LEP | North East Local Enterprise Partnership |

14 Sign-off

| | | | | |
|---------------------------------|-------------------------------------|-------------------------------|----------------------------|------------------------------|
| 1) Mayor and Cabinet Member Yes | 2) Lead Chief Exec/Director/SMT Yes | 3) Chief Finance Officer: Yes | 4) Monitoring Officer: Yes | 5) Head of Paid Service: Yes |
|---------------------------------|-------------------------------------|-------------------------------|----------------------------|------------------------------|

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North East Local Enterprise Partnership Board



27th May 2021

ITEM 6: Financial Outturn 2020/21; Update on 2021/22 Budget; and Illustrations for 2022/23 and 2023/24

1. Introduction

- 1.1 The purpose of this report is to provide an update to the Board on the final outturn revenue budget position for 2020/21, including the performance of the Enterprise Zone account, Local Growth Fund, the new Getting Building Fund and the North-East Investment Fund. A small revenue surplus of £0.010m was generated on the LEP's core revenue budget, compared with a surplus of £0.011m projected in the revised estimate for the year reported to the Board in January 2021. The outline was in line with what was projected with the LEP's General Reserve remaining at £0.613m.
- 1.2 This report also provides the Board with an update on the current financial year budget (2021/22), taking into account the outturn position for 2020/21 and provides an illustration for the following two financial years 2022/23 and 2023/24. This is in line with previous requests from the Board for a medium-term view of the North East LEP's revenue budget. The illustration for 2022/23 and 2023/24 reflects significant uncertainty around Government funding streams and presents only a core level of activity for that year. The budgets for these financial years will be updated as further announcements of additional funding streams are received. The 2021 LEP Review report will also be taken into account and incorporated into future years.

2. LEP 2020/21 Revenue Budget Outturn

- 2.1 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund (LGF), Getting Building Fund (GBF), North East Investment Fund (NEIF) and Enterprise Zone (EZ) programmes. Table 1 provides; the original approved budget, revised forecast reported to the Board in January 2021 and the actual spend for the year, with further details explaining significant variations provided below.
- 2.2 The original North East LEP Board approved budget for 2020/21 (approved May 2020) comprised gross expenditure of £5.368m and gross income of £5.211m, therefore projecting a drawdown requirement from the LEP general reserve of £0.103m. The update to the Board in January revised the 2020/21 forecast expenditure to £7.097m and income to £7.108m, providing a forecast increase to reserves of £0.011m.
- 2.3 Actual total revenue expenditure in 2020/21 amounted to £6.345m, which is £0.752m lower than the January forecast. The actual income also saw a reduction of £0.752m, from £7.107m to £6.355m. Overall the LEP recorded a £0.010m surplus for the financial year, the same level as reported in January.

Table 1: North East LEP 2020/21 Outturn

| | 2020/21 TOTALS | | | | |
|---|---------------------------------------|---|--------------------|------------------------------|------------------------|
| | Revised Budget 2020/21 (May 20) | Revised Budget 2020/21 adjusted (Jan 2021) | 2020/21 Outturn | Carry Forwards to 2021/22 | Under/ (Over) Spend |
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employees | 3,104,000 | 3,240,000 | 2,980,793 | 288,058 | 41,172 |
| Premises | 190,000 | 207,000 | 213,086 | 0 | (6,086) |
| Communications | 250,000 | 250,000 | 260,534 | 0 | (10,534) |
| Transport LGF Monitoring | 20,000 | 26,000 | 24,726 | 0 | 1,274 |
| Growth Hub Operational Costs (L6019) | 74,000 | 74,000 | 72,535 | 0 | 1,465 |
| Invite (Horizon 2020) Operational Costs | 60,000 | 72,000 | 72,042 | 0 | (42) |
| Innovation Challenge - Covid | 0 | 464,000 | 150,506 | 313,495 | 0 |
| Other Operational Costs | 600,000 | 636,000 | 365,133 | 70,023 | 200,844 |
| North East Ambition Operational Costs (ESF) | 165,000 | 144,000 | 132,022 | 0 | 11,978 |
| North East Ambition Operational Costs (LGF) | 0 | 0 | 302,077 | 0 | (302,077) |
| Growth Hub Covid-19 & Cluster Management | 290,000 | 309,000 | 280,798 | 0 | 28,202 |
| Peer Networks | 0 | 510,000 | 253,032 | 0 | 256,968 |
| Covid Intelligence | 0 | 40,000 | 44,975 | 0 | (4,975) |
| LGF High Potential Operational | 189,000 | 164,000 | 147,771 | 0 | 16,229 |
| EU Transition Advisory Resource & Business Engagement | 0 | 0 | 89,227 | 0 | (89,227) |
| Brexit Policy Work Programme (Strategy & Policy) | 109,000 | 73,000 | 41,265 | 31,735 | 0 |
| Mine Energy White Paper | 0 | 45,000 | 44,875 | 0 | 125 |
| Energy LGF | 23,000 | 23,000 | 23,000 | 0 | 0 |
| Feasibility Study (AHSN + LGF) | 0 | 33,000 | 33,090 | 0 | (90) |
| Skills Other Operational Costs (EY)(L6040) | 109,000 | 135,500 | 12,024 | 85,840 | 37,636 |
| CEC operational (L6030) | 0 | 65,255 | 65,255 | 255,979 | (255,979) |
| CITE Primary (L6045) | 0 | 69,745 | 49,551 | 20,193 | 1 |
| DfE | 0 | 52,000 | 13,806 | 38,194 | 0 |
| DfE One Vision | 0 | 41,500 | 57,067 | 144,549 | (160,116) |
| Inward Investment Contribution | 140,000 | 140,000 | 140,000 | 0 | 0 |
| EZ NEIF Costs | 0 | 0 | 125,636 | 0 | (125,636) |
| LGF Project Management | 45,000 | 78,000 | 173,335 | 0 | (95,335) |
| Getting Building Fund Project Management | 0 | 205,000 | 176,748 | 0 | 28,252 |
| GROSS EXPENDITURE | 5,368,000 | 7,097,000 | 6,344,910 | 1,248,065 | (425,953) |
| LEP Core & Strategy Grant from DCLG | (500,000) | (500,000) | (500,000) | (70,023) | 0 |
| GBF Capacity Funding | (100,000) | (100,000) | (100,000) | 0 | 0 |
| Local Authority Match Contributions | (250,000) | (250,000) | (250,000) | 0 | 0 |
| CORE FUNDING | (750,000) | (850,000) | (850,000) | (70,023) | 0 |
| Local Growth Fund (programme mgmt costs) | (768,000) | (747,000) | (769,291) | 0 | 22,291 |
| Getting Building Fund | 0 | (357,000) | (296,201) | 0 | (60,799) |
| Interest Generated on Funds | (140,000) | (140,000) | (191,163) | 0 | 51,163 |
| Growth Hub | (410,000) | (410,000) | (410,000) | 0 | 0 |
| Growth Hub Covid-19 | (290,000) | (370,000) | (248,211) | 0 | (41,789) |
| Growth Hub Cluster Management | (80,000) | 0 | (64,203) | 0 | (15,797) |
| Peer Networks | 0 | (510,000) | (273,032) | 0 | (236,968) |
| Enterprise Adviser grant - CEC | (239,000) | (279,000) | (302,277) | (34,354) | 57,631 |
| Enterprise Adviser grant - CEC (Non-salary) | 0 | (254,756) | (65,255) | (255,979) | 66,478 |
| CITE Primary | 0 | (69,744) | (49,551) | (20,193) | 0 |
| Invite (Horizon 20/20) | (74,000) | (74,000) | (85,547) | 0 | 11,547 |
| Innovation Challenge Covid | 0 | (464,000) | (150,506) | (313,495) | 0 |
| Innovation Development funding (LGF) | 0 | (79,000) | (79,000) | 0 | 0 |
| ERDF + Digital Catapult | (80,000) | (36,000) | (30,435) | (5,565) | 0 |
| Academic Health Science Network (AHSN) | 0 | (44,500) | (40,193) | (7,307) | 3,000 |
| NEIF Contribution to cover activity costs | (124,000) | (124,000) | (173,144) | 0 | 49,144 |
| EZ Contribution to cover activity costs | (139,000) | (139,000) | (168,619) | 0 | 29,619 |
| Education Challenge | (144,000) | (144,000) | (29,217) | (115,056) | 273 |
| European Social Fund North East Ambition | (618,000) | (547,000) | (725,778) | 0 | 178,778 |
| LGF match North East Ambition (ESF project) | (389,000) | (314,000) | (302,378) | 0 | (11,622) |
| EY Foundation | (139,000) | (165,500) | (12,024) | (85,840) | (67,636) |
| DfE | (12,000) | (87,000) | (25,412) | (61,588) | 0 |
| LA Contributions re ESIF Co-ordinator | (20,000) | (20,000) | (17,735) | 0 | (2,265) |
| LGF High Potential | (237,000) | (211,000) | (189,256) | 0 | (21,744) |
| EU Transition Advisory Resource | 0 | 0 | (25,304) | 0 | 25,304 |
| EU Transition Business Engagement | 0 | 0 | (83,704) | 0 | 83,704 |
| Brexit Policy Work Programme | (146,000) | (146,000) | (98,521) | (53,285) | 5,806 |
| Energy Strategy BEIS / TVCA, RCEF, OREC | (25,000) | (25,000) | (11,659) | (80,832) | 67,491 |
| DFE - One Vision | (11,000) | 0 | (129,696) | (144,549) | 274,245 |
| Contribution Pension - NTCA | (140,000) | (147,000) | (128,799) | 0 | (18,201) |
| Other Income | (10,000) | (23,000) | (43,643) | 0 | 20,643 |
| EXTERNAL FUNDING | (4,461,000) | (6,257,500) | (5,505,387) | (1,178,042) | 425,930 |
| GROSS INCOME | (5,211,000) | (7,107,500) | (6,355,387) | (1,248,065) | 425,930 |
| NET BUDGET | 157,000 | (10,500) | (10,477) | 0 | (23) |
| BROUGHT FORWARD BALANCE | (603,000) | (603,000) | (603,000) | | |
| Use or (Contribution) LEP Reserves | 103,000 | (10,500) | (10,477) | | |
| EZ Contribution | 54,000 | | | | |
| CARRY FORWARD BALANCE | (500,000) | (613,500) | (613,477) | | |

2.4 Expenditure

Expenditure of £6.345m was £0.977m higher than the original budget for the year, this was mainly due to the additional activities that the LEP undertook during year such as the supplemental Growth Hub activity in relation to Covid-19, Cluster Management and Peer Network. Additional LGF activity on the Innovation Challenge Covid-19 and operational activity across Skills programmes. The main areas of expenditure variation since the last update to the Board are noted below.

2.5 Employee Costs

Employee expenditure totalled £2.981m, which is £0.259m lower than forecast. This underspend is due to savings arising from vacant posts held at various points throughout the year and a saving on allowances due to the impact of the pandemic ceasing any travel for work purposes.

2.6 Premises

This expenditure has increased slightly (£0.006m) above the budget due to additional cleaning requirements to ensure any staff requiring to enter the office during the lockdown period were able to do so in as safe an environment as possible.

2.7 Communications

The Communications expenditure for the year was £0.260m, offset by an income stream of £0.013m for work carried out on behalf of the Invest North East and the Growth Hub Team.

2.8 Transport LGF Monitoring and Evaluation

The recharge from the regional transport team for LGF transport project support was £0.025m. This reflects the majority of LGF transport schemes having progressed through appraisal and requiring less support.

2.9 Growth Hub Operational Costs

Non-salary costs in delivery of the Growth Hub initiatives increased during the year following an additional grant award from BEIS to provide EU exit readiness advice (£0.089m) and supplemental funding in relation to Covid-19 and Cluster Management (£0.280m). The increase in operational spend was matched by the increase in grant of (£0.109m) and (£0.312m) respectively which also funded a small proportion of salary expenditure.

2.10 Other Operating Costs

Expenditure on operational activity across the various funding streams totalled £2.890m, with additional commitments against the budget of £1.248m to carry forward into 2021/22 to continue delivery in relation to grant funded activity. Key areas of operational spend include expenditure in relation to the new GBF and costs associated with NEIF and EZ support/appraisal activity including work carried out on the Freeport bid. In addition to new funding streams associated with Covid-19 including the supplemental Growth Hub and Peer Networks funding. All of this activity was funded by external income sources or fund drawdowns.

2.11 Income

The 2020/21 outturn position reflected gross income of £6.355m with an additional £1.248m carried forward to 2021/22 to continue delivery. The high level of funding carried over to 2021/22 reflects the impact of Covid-19 on delivery, with the actual gross income outturn position reduced by £0.753m against the revised budget. Although actual income received including the carry forward commitments exceeded the revised budget by £0.495m. There is an increasing number of core and specific income streams (over 32) that fund the activity of the LEP these are summarised in Table 1 above. The main variations since the last update to the Board are detailed below.

2.12 Local Growth Fund (LGF) and Getting Building Fund (GBF) Programme Management Costs

The drawdown from LGF and GBF to support programme management activity was £0.769m and £0.296m respectively which collectively is slightly lower than forecast (£0.039m). The project management costs include a contribution towards a new project management system being implemented by North of Tyne Combined Authority which the North East LEP will benefit from in future years in relation to the streamlining of grant claim and monitoring processes.

2.13 Local Growth Fund and Getting Building Fund Interest

The annual LGF and GBF grant allocations paid by government in full at the beginning of the financial year attracts sizable interest sums which in 2020/21 was used to fund the Invest North East England (INEE) team. The £0.190m interest generated is a further increase of £0.051m on the Revised Estimate due to an improved cash flow position.

2.14 Growth Hub

As noted at section 2.9 the original annual £0.410m Growth Hub allocation was increased by £0.370m supplementary funding in relation to Covid-19 and cluster management and by £0.109m EU Transition Readiness grant. In addition to this £0.510m Peer Network grant funding was received later in the year, activity and income was in line with the revised estimate for the year.

2.15 North East Ambition – Europeans Social Fund (ESF) and LGF

Grant funding in respect of North East Ambition programme was £1.028m, £0.167m higher than the revised budget. The utilisation of the skills-based funding sources into this project have been drawn down in year to maximise external grant.

2.16 Careers Enterprise Company (CEC)

£0.367m of grant funding was applied in 2020/21, with £0.290m carried forward for delivery into 2021/22, this was £0.124m greater than the revised estimate.

2.18 North East Investment Fund (NEIF) & Enterprise Zone (EZ) Contribution

As previously agreed by the Board, activity relating to the delivery and management of the EZ and NEIF initiatives is funded via a drawdown from the respective Enterprise Zone Business Rates account and NEIF Repayments' reserve. The drawdown from the EZ reserve to fund costs in 2020/21 amounted

to £0.168m and NEIF repayments reserve charge for 2020/21 was £0.173m. The increase in the NEIF drawdown links to CPIF fund development and appraisal activity carried out in the final quarter and officer time involved in developing the Freeport bid within a tight timescale. The increase in the income to fund EZ activity reflected additional activity to update income projections for future years and legal and finance work needed to complete EZ funding agreements.

2.19 DfE One Vision Grant

DfE One Vision Grant of £0.274m was received in year, with £0.144m being carried into 2021/22 for continuation of delivery.

3. North East LEP Revenue Balances

- 3.1 Table 2 below shows the North East LEP revenue balance as at 31st March 2021. The reserve has increased by £0.010m over the year to £0.613m.

Table 2 – Revenue Balances

| Budget Area | Opening Balance £000 | Movement in 2020/21 £000 | Closing Balance £000 |
|--------------------|---------------------------------|---|---------------------------------|
| LEP Reserve | 603 | 10 | 613 |

4. North East Enterprise Zones

- 4.1 Round 1 Enterprise Zones are located across four local authority areas: Newcastle, North Tyneside, Northumberland and Sunderland. Business rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25-year period, 2020/21 was the eighth year of the Round 1 zones' life.
- 4.2 In April 2017 these were joined by a further ten sites across, Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland with the International Advanced Manufacturing Park (IAMP) site launched on the 1st April 2018 to complete the coverage. With the exception of the IAMP, it is the fourth year of the round 2 sites life. Ramparts (Northumberland) and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2020/21, as the result of occupation on parts of the sites requiring no capital investment to enable occupation to occur.
- 4.3 Table 3a below provides a summary of the Enterprise Zone account over the last three years and a summary of the position for 2020/21 compared with a budget reported in January 2021. Business Rate Income for 2020/21 and interest amounted to £2.614m and was higher than the budget of £2.4m reported in May 2020. Income was slightly lower than the revised estimate reported in January 2021 of £2.719m mainly because new buildings on the Airport site and the IAMP site had not been issued with rateable values during

the year. The income from these two buildings estimated for the time that they were open in 2020/21 is estimated at c £0.34m and should be received in 2021/22. The income figure for North Tyneside* is an estimate, which will be confirmed shortly. Expenditure was also below the budget, which resulted in an increased surplus for the year of £0.645m and a cumulative surplus of £3.692m.

Table 3a – Enterprise Zone Account

| | Actual 2017/18 £000 | Actual 2018/19 £000 | Actual 2019/20 £000 | Budget 2020/21 £000 | Actual 2020/21 £000 | Variance £000 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------|
| Business Rates Income | | | | | | |
| <u>Round 1</u> | | | | | | |
| - Newcastle – North Bank | 437 | 501 | 508 | 483 | 537 | 54 |
| - North Tyneside – Swans | 160 | 194 | 160 | 138 | 180* | 42 |
| - Northumberland- Blyth sites | 321 | 334 | 308 | 309 | 334 | 25 |
| - Sunderland – A19 Corridor | 708 | 750 | 752 | 754 | 628 | -126 |
| <u>Round 2</u> | | | | | | |
| - Durham - Jade | | | | 46 | 51 | 5 |
| - Gateshead - Follingsby | | | 242 | 217 | 255 | 38 |
| - Northumberland- Ramparts | | 40 | 40 | 38 | 34 | -4 |
| - Sunderland & South Tyneside - IAMP | | | | 667 | 581 | -86 |
| Total Rates Income | 1,626 | 1,819 | 2010 | 2,704 | 2,600 | -104 |
| Interest | 11 | 25 | 20 | 15 | 14 | -1 |
| Grant income | 30 | | | | | |
| Total Income | 1,667 | 1,844 | 2030 | 2,719 | 2,614 | -105 |
| Expenditure | | | | | | |
| -NEIF/LGF Loan repayments | 1,302 | 1,238 | 1,438 | 651 | 651 | 0 |
| -Other Financing Costs (including interest) | 0 | 235 | 258 | 1,450 | 1,154 | -296 |
| -Invest North East contribution | 148 | 71 | 66 | 170 | 65 | -105 |
| -Operating Costs | 112 | 100 | 128 | 150 | 99 | -51 |
| Total Costs | 1,562 | 1,644 | 1,890 | 2,421 | 1,969 | -452 |
| Annual Surplus | 105 | 200 | 140 | 298 | 645 | 347 |
| Cumulative Surplus | 2,707 | 2,907 | 3,047 | 3,345 | 3,692 | 347 |

4.4 Enterprise Zone Account 2021/22 – 2023/24 Estimates

A major refresh of the estimates of income, costs and surplus has just been concluded and is the subject of a separate report on the agenda. Headline figures for the next three years are shown below alongside the 2020/21 outturn. There is a notable increase in income from 2022/23 as a large building on the Follingsby EZ site become operational.

Enterprise Zone Account 2020/21 – 2022/23 Estimates

Information about estimated Business Rate Income is being collected from councils with a view to an update report being presented to the Investment Board and the LEP Board in July. The estimates for 2020/21 to 2022/23 that were provided in July 2019 are summarised below alongside the Actual for 2019/20. These estimates will be updated at a future meeting.

Table 3b Enterprise Zone Account 2020/21 – 2023/24

| | Actual 2020/21 £m | Estimate 2021/22 £m | Estimate 2022/23 £m | Estimate 2023/24 £m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|
| Business Rates Income | 2.6 | 3.1 | 6.9 | 8.4 |
| Expenditure | | | | |
| -Capital Financing Costs | 1.8 | 2.2 | 3.3 | 5.6 |
| -Revenue Costs | 0.2 | 0.2 | 0.2 | 0.2 |
| Annual Surplus | 0.6 | 0.6 | 3.4 | 2.6 |
| Cumulative Surplus (before use) | 3.7 | 4.3 | 7.7 | 10.3 |
| -Provision to support LEP costs | | -0.5 | -0.5 | -0.5 |
| -New Project Development Funding | | -1.3 | -2.0 | |
| - Performance Incentive Reward | | | | -0.9 |
| Residual Balance | 3.7 | 2.5 | 3.4 | 3.6 |

- 4.5 There is uncertainty about future rates income which should be addressed once the Government Review of Business Rates is concluded in Autumn 2021. The table shows a provision to support annual LEP costs of £0.5m a year, although this report indicates that this may not be needed in full over the next two years but should be carried over to future years to manage budget risk. It also shows a new proposal to allocate funds to help develop new projects on the strategic project pipeline to help them be more 'shovel ready'. A Performance Incentive Reward payment is also shown from 2023/24 in recognition of the significant over achievement of income from the Follingsby EZ site.
- 4.6 Options for the use of this potential EZ surplus over the medium term will be explored in more detail over the next six months or so and will be reported back to the LEP Board alongside the outcome of the Government's Review of Business Rates.

5. Local Growth Fund and North-East Investment Fund

- 5.1 The LGF programme delivered over £19.0m of activity during 2020/21 across the SEP themes making full use of all LGF grant available for the year and cumulatively. This is very good performance and further details are explained in more detail in the separate report on the LGF Programme.
- 5.2 The NEIF initial £55m allocation was made up of £25m Growing Places and £30m Regional Growth Funding. The Regional Growth Funding project had originally tighter restrictions on the use of the funding, however, the North East LEP has worked with MHCLG on closing the original RGF programme and releasing this funding to be used to support the Commercial Property Development Fund (CPIF). The NEIF supports a number of projects through loans which are now making repayments, recycling the funding available for reinvestment in new projects and other opportunities.

- 5.3 An advance of £0.500m was allocated from the NEIF to the Crowdfunder Project to provide support to micro businesses who had been affected by the Pandemic. A further short-term loan advance from the NEIF of up to £0.500m to North East Businesses Services Ltd (NBSL) to assist in cashflow pending payment of European Grant funding on one of their key programmes
- 5.4 A commitment of up to £1.208m approved for the North-East Mining Institute in 2019/20 with £0.786m paid out in 2020/21. The funding for the Mining Institute is to support the restoration and refurbishment of the Mining Institute and the regeneration of its importance as a regional focus for the economic and social development of the North East Region as the Common Room of the Great North. The aim is to achieve this through engagement with the business community providing education and enrichment for young people, promoting skills and development for the region's workforce, and engaging the public with the rich heritage of the building.
- 5.4 Notable loan repayments during the year activity included full repayment of both loans to CUOS Ltd for Stellium Data Centre (Cobalt); In April we received a substantial repayment of £0.350m in respect of the Loan to the Durham Cricket Club, with the final outstanding balance of £0.095m being repaid later in the year. Durham University commenced the quarterly repayments of its loan in accordance with the repayment schedule following an approved 5-year repayment holiday.
- 5.5 The investment into the Integra 61 scheme will support with the site infrastructure costs to unlock a 204-acre strategic employment and housing site near Bowburn, County Durham, leading to the creation of over 3,600 jobs (and over 1000 construction jobs) and over £160m of follow-on investment on site.
- 5.6 At the year-end some £20.3m is available to support new projects. This is envisaged to be used to fund Inward Investment Activity and to support the proposals for a new Commercial Property Investment Fund, which has been developed during the year and is expected to be presented for approval later this year.
- 5.7 As part of the response to the COVID-19 outbreak, action has been taken to protect the NEIF as it currently stands, by temporarily suspending receipt of new individual project proposals for business growth based upon the existing investment criteria at this time. With markets particularly unpredictable, limits the ability to complete accurate due diligence on project proposals for business development loans. The availability of NEIF based upon existing investment criteria will cease until the review of NEIF operations is completed to determine more appropriate criteria for new economic conditions post COVID.
- 5.8 In addition, to support projects within the programme, opportunity is available to suspend loan repayment within an agreed time frame in line with Government loan deferral schemes. This is being made available upon request and may be extended for a further period on a case by case basis. This has been exercised in relation to the Boiler Shop who have now re-commenced their regular repayments and the World Wheel Company.

6 LEP Revenue Budget 2021/22 to 2023/24

- 6.1 The budget position for 2021/22 was reported to the North of Tyne Combined Authority (NTCA) as the accountable body for the North East LEP on 26 January 2021, and the North East LEP Board on 28 January 2021. The proposed budget was approved by both Boards with no issues identified. This report includes the latest information about the 2021/22 budget taking account of the outturn for 2020/21 and will be reported to the North of Tyne Combined Authority (NTCA) Cabinet on 8 June 2021, as accountable body for the North East LEP.
- 6.2 Table 4 provides a summary of the three-year revenue budget for the North East LEP showing financial years 2021/22, 2022/23 and 2023/24. The explanatory notes from sections 7 to 8 provide further information.
- 6.3 Over the three years, if no additional income is identified the costs are estimated to exceed the available grant and core contributions income by up to £0.142m in 2021/22; £0.523m in 2022/23 and £0.875m in 2023/24. This deficit is funded from the assumed surplus on the EZ account in 2021/22 (contribution of £0.142m), 2022/23 (contribution of £0.522m) and 2023/24 (contribution of £0.835m) using the balance of EZ funding not fully utilised in 2021/22 to support the 2023/24 budget, with an expectation of savings or additional income generation of £0.040m on the LEP Budget in 2023/24 to fund the balance. Funding support from the EZ account has previously been agreed by the Board. This enables the potential risk of not securing additional income to be managed.
- 6.4 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income (EZ BRGI) surplus of up to £0.500m per annum could be utilised to support the revenue budget if required. To date there has not been a requirement to use this facility and therefore in effect saving £2.500m of potential spend from the EZ account. However, due to the anticipated drop in funding and core funding potentially remaining fixed at the same level, coupled with the increased salary costs due to pay increment commitments it is anticipated that £0.522m will be required from the EZ BRGI in 2022/23 and a further £0.835m (as explained in 6.3 above) in 2023/24 to maintain a LEP Reserve balance of £0.500m at 31st March 2024.
- 6.5 There are active funding bids which if successful will provide additional income and reduce the potential drawdown against the EZ account in both years, which has been the case in preceding years and has to date been a successful approach.
- 6.6 The LEP manages the uncertainty of funding by using fixed term staffing contracts and by being able to reduce other operating costs to reflect the available funding streams; and by the availability of reserves and other funds which it can draw on to support activity, such as the use of the agreed EZ contingency contribution, which is illustrated in table 3 above. The opportunity to draw on the EZ reserve, if necessary, helps compensate for the uncertainty of other income streams. In recent years, this contingency has not been called upon as other income streams have been confirmed or new income streams have been identified.

Table 4: North East LEP Revenue Budget and Three-Year Forecast

| | 2021/22 Indicative Budget (Jan 2021) | 2021/22 Base Budget | 2022/23 Base Budget | 2023/24 Base Budget |
|---|---|------------------------|------------------------|------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Employees | 3,533,000 | 3,740,626 | 3,556,692 | 2,698,234 |
| Premises | 207,000 | 225,180 | 207,000 | 207,000 |
| Communications | 250,000 | 250,000 | 250,000 | 200,000 |
| Growth Hub Operational Costs | 60,000 | 249,762 | 183,665 | 183,665 |
| Innovation Challenge Covid | 0 | 313,495 | 0 | 0 |
| Other Operational Costs | 600,000 | 670,023 | 600,000 | 500,000 |
| North East Ambition Operational (ESF) 1 | 192,000 | 144,000 | 0 | 0 |
| North East Ambition Operational (ESF) 2 | 0 | 192,463 | 175,285 | 81,836 |
| Growth Hub Cluster Management | 222,000 | 85,387 | 0 | 0 |
| Peer Networks | 0 | 160,000 | 160,000 | 160,000 |
| Made Smarter | 0 | 217,007 | 217,007 | 217,007 |
| LGF High Potential Operational | 99,000 | 0 | 0 | 0 |
| Brexit Policy Work Programme | 0 | 84,521 | 54,497 | 0 |
| Trade and Export Strategy | 0 | 46,000 | 0 | 0 |
| Local Authority Delivery (LAD 2) | 0 | 7,680 | 0 | 0 |
| Energy Research Projects | 0 | 37,500 | 0 | 0 |
| Energy Academy | 0 | 40,000 | 0 | 0 |
| Skills Operational CEC, EY CITE | 10,000 | 713,946 | 168,788 | 9,847 |
| Inward Investment Contribution | 140,000 | 140,000 | 0 | 0 |
| EZ NEIF Costs | 0 | 404,558 | 94,584 | 94,584 |
| LGF Project Management | 55,000 | 51,000 | 22,000 | 27,000 |
| Getting Building Fund Project Management | 94,000 | 132,962 | 61,382 | 25,382 |
| GROSS EXPENDITURE | 5,462,000 | 7,906,109 | 5,750,901 | 4,404,555 |
| LEP Core & Strategy Grant from DCLG | (500,000) | (500,000) | (500,000) | (500,000) |
| LEP/GBF Capacity Funding | 0 | 0 | 0 | 0 |
| Local Authority Match Contributions | (250,000) | (250,000) | (250,000) | (250,000) |
| CORE FUNDING | (750,000) | (750,000) | (750,000) | (750,000) |
| Local Growth Fund (Programme Mgmt) | (447,000) | (453,500) | (240,000) | (157,800) |
| Getting Building Fund (Programme Mgmt) | (298,000) | (319,596) | (195,604) | (35,382) |
| Interest Generated on Funds | (140,000) | (140,000) | (110,000) | (70,000) |
| Growth Hub | (780,000) | (780,000) | (700,000) | (700,000) |
| Growth Hub Cluster Management | 0 | (85,387) | 0 | 0 |
| Peer Networks | (100,000) | (410,000) | (410,000) | (410,000) |
| Enterprise Adviser grant - CEC | (279,000) | (616,692) | (248,546) | 0 |
| Innovation Challenge Covid | 0 | (313,495) | 0 | 0 |
| ERDF + Digital Catapult | 0 | (41,565) | (36,000) | 0 |
| Academic Health Science Network (AHSN) | (76,000) | (47,307) | (40,000) | (40,000) |
| NEIF Contribution to cover activity costs | (110,000) | (418,000) | (110,000) | (110,000) |
| EZ Contribution to cover activity costs | (110,000) | (96,000) | (87,000) | (89,000) |
| Education Challenge | 0 | (115,056) | 0 | 0 |
| North East Ambition (ESF) | (1,310,000) | (1,377,739) | (1,144,517) | (505,123) |
| LGF match North East Ambition (ESF project) | (43,000) | 0 | 0 | 0 |
| EY Foundation | 0 | (85,840) | 0 | 0 |
| DfE | (121,000) | (136,588) | (75,000) | (75,000) |
| LA Contributions re ESIF Co-ordinator | (20,000) | (20,000) | 0 | 0 |
| LGF High Potential | (148,000) | (40,708) | 0 | 0 |
| Brexit Policy Work Programme | 0 | (144,185) | (90,900) | 0 |
| Trade and Export - World Wide Chamber | 0 | (46,000) | - | 0 |
| Made Smarter | 0 | (288,000) | (288,000) | (288,000) |
| Energy Accelerator | 0 | (142,500) | (142,500) | 0 |
| Energy Strategy BEIS/TVCA, RCEF, OREC Misc. | (189,000) | (191,832) | (169,708) | (77,368) |
| Energy Research Projects | 0 | (37,500) | 0 | 0 |
| Energy Academy | 0 | (40,000) | 0 | 0 |
| Local Authority Delivery (LAD 2) | 0 | (7,680) | 0 | 0 |
| DFE - One Vison | 0 | (350,549) | (130,500) | 0 |
| Contribution Pension - NTCA | (156,000) | (168,060) | (160,051) | (121,421) |
| Other Income | (100,000) | (100,000) | (100,000) | (100,000) |
| EXTERNAL FUNDING | (4,427,000) | (7,013,779) | (4,478,327) | (2,779,094) |
| GROSS INCOME | (5,177,000) | (7,763,779) | (5,228,327) | (3,529,094) |
| NET BUDGET | 285,000 | 142,330 | 522,574 | 875,462 |
| Increase in LEP Reserve/(Contribution from Reserve) | (113,000) | | | |
| EZ Reserve (Contribution) | (172,000) | (142,330) | (522,575) | (835,095) |
| LEP savings/LEP income | | | | (40,367) |
| B/F LEP RESERVE | (613,000) | (613,477) | (613,477) | (613,477) |
| C/F LEP RESERVE | (500,000) | (613,477) | (613,477) | (613,477) |

7. Adjustments to 2021/22 Original Budget

- 7.1 The overall budget for 2021/22 presented to the Board in January 2021, indicated a £5.462m gross expenditure budget, funded by a range of Government grant income sources; a £0.250m core contribution from the seven local authorities; other secured contributions and interest on revenue balances.
- 7.2 The latest 2021/22 Budget position is showing £7.906m of gross expenditure. The increase in gross expenditure is due to carry forward grant funding from 2020/21, approx. £1.248m; new funding streams for Made Smarter (£0.288m); North East Ambition second tranche (£1.378m) skills funding across varying funding streams (£0.817m) and Growth Hub supplemental funding all of which will require additional capacity to deliver.
- 7.3 The employee cost budget has risen from £3.533m to £3.741m. This includes a 5.2% superannuation cost, which is fully funded by an income contribution from NTCA, as part of the guaranteed funding for pension costs set out in the accountable body agreement. The key contributor to the increase in employee expenditure was the extension of key funding streams, such as Growth Hub Supplemental and ESF, providing additional capacity in the Skills Team and Business Growth Team.
- 7.4 There has been an increase in EZ and NEIF operational costs primarily in relation to set-up delivery costs associated with the launch of the new Commercial Property Investment Fund (CPIF).
- 7.5 Gross Income has increased to £7.763m from £5.177m (£2.608m), £1.200m of this is in relation to specific funding streams carried forward from 2020/21 due to the pandemic hampering activity during 2020/21. Additional funds have been secured in relation to Made Smarter (£0.288m) and the Energy Acceleration Programme (£0.142m). NEIF funding is £0.300m higher than in the January budget due to work on the CPIF.
- 7.6 The gross income figure includes the contribution from NTCA (£0.168m) to fully recover the cost of the superannuation in year.
- 7.7 The LGF and BGF programme management charge has increased slightly (£0.028m) from the revised budget position.
- 7.8 While the latest budget projection for 2021/22 is indicating a call on the Enterprise Zone surplus of £0.142m, this has reduced from £0.285m reflected in the January budget position and this position should reduce further as funding assumptions are firmed up. The intention will be to manage costs and income to try to avoid using reserves at the year end.

8. Budget illustrations in Future Years

- 8.1 Indicative budget figures are also shown in Table 4 for the financial years 2022/23 and 2023/24.

8.2 Employees

The employee expenditure budget shows a reduction in 2022/23 of £0.184m due to key funding streams only confirmed for part way through 2022/23 and some funding ceasing entirely. The new stream of ESF North East Ambition funding and additional Growth Hub funding has reduced the impact of this. If further additional funding is secured, there is the potential for continued activity and therefore higher employee costs are likely.

The NECA pension fund enabled the LEP to benefit from a 0% employer superannuation contribution rate which provided a significant budget saving. The change in accountable body status to NTCA, has meant an employer superannuation contribution rate of 5.2% is now applicable, however, in order to maintain the saving benefit to the LEP the NTCA are providing a contribution at the same level to achieve a net budget impact.

A staff turnover allowance of 3% has been factored into the employee budget for all three financial years, which is considered prudent given experience in recent years.

8.3 Premises

The LEP have negotiated a 5-year lease with a 3-year break clause within St James Gate. The accommodation costs are fixed until the break in 2022. Despite minimal use of the office accommodation during the pandemic the office charge still remains at the same level.

8.4 Communications

The proposed Communications budget for 2021/22 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2017 in 2021/22, and 2022/23 with a slight reduction of (£0.050m) in 2023/24 in reflection of the lower staff and activity levels. Key aspects of the budget include development of the communications' activity related to delivering the SEP and Covid – 19 recovery plus the continuation of essential PR & Media support.

8.5 Growth Hub Operational Costs

The continuation of £0.780m Growth Hub funding in 2021/22 has been confirmed and there are informal indications that it will continue in future years.

8.6 Other Operating Costs

The operational budget for 2021/22 is consistent with previous years at £0.600m. There is an additional £0.070m in respect of unspent operational budget in 2020/21. This covers core activities plus an operational budget to deliver the SEP programmes. The budgets for 2022/23 and 2023/24 have been reduced slightly to reflect that some projects will have completed.

8.7 Inward Investment Contribution

The agreed allocation of £0.140m per annum is included in the budget for 2021/22. This is dependent on the continuation of match funding provided by the seven local authorities. This has previously been funded from interest on the capital funds' account. Options to continue this level of investment to INEE post 2021/22 will need to be considered in light of the overall LEP budget.

8.8 Income

8.9 LEP Core Funding & Strategy Grant

Funding of £0.500m is expected to continue over the medium term although it is only confirmed by Government in the Spring of the calendar year to which it relates. The Local Authority Match Contribution requirement of £0.250m will be provided in equal 1/7th shares by the 7 Local Authorities that are members of the North East LEP for 2021/22. It is considered on an annual basis and is expected to continue.

8.10 Local Growth Fund (LGF)

As previously agreed by the Board, a 2.5% top-slice of the Local Growth Fund allocation is available to support the delivery of the programme, primarily LEP team staffing costs. Although the LGF programme officially ends in March 2021, by using funding SWAPs, revenue funds will be available in 2021/22 and 2022/23 to support extended activity. As the programme reaches conclusion there has also been a reduction in qualifying expenditure which explains the decrease between years. The drawdown of the balance of the top-slice budget is profiled to be made as follows:

| <u>Table 5</u> | 2021/22 | 2022/23 | 2023/24 |
|--------------------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 |
| LGF Programme Management | 453 | 240 | 157 |

8.11 Local Growth Fund Interest

As the annual LGF grant allocation is normally paid by Government in full at the beginning of the financial year, the cash balances held are able to attract interest (£190k in 2020/21). An estimate for each financial year is included within the budget, based on an assumption of the timing of LGF expenditure. The level of interest generated naturally reduces in line with the reducing LGF and BGF grant receipts in future years and also depends on the rate of interest that can be earned on fund balances. We will continue to seek to maximise the level of interest earned on cash flow balances and will update the estimate when the budget is reviewed during the year. It is unlikely that the continuation of c £140k of interest can be earned revenue balances in 2022/23 onwards and therefore the income budget has been reduced to £0.110m and £0.070m in 2022/23 and 2023/24 respectively.

8.12 Growth Hub Grant

The continuation of the Growth Hub grant funding has been confirmed for 2021/22 at £0.700m. It is expected to continue at least at the same level for the ensuing two years although we await confirmation and exact details.

8.13 Brexit Policy Work Programme

An additional contribution of £0.090m from both the NTCA and NECA is anticipated to roll out further work in respect of the EU Exit activities and the associated work programme.

8.14 Careers Enterprise Company (CEC)

CEC funding of £0.248m has been secured until August 2022, by maximising ESF funding this will enable the careers work to continue to August 2022. The figures included in the budget represent the expected grant drawdown in each of the respective years.

8.15 Energy Strategy Grants

The Energy Strategy includes a number of funding streams in 2021/22 to cover salary costs of the Energy Team. These include Tees Valley Combined Authority (TVCA)/BEIS (£0.014m) and TVCA/RCEF (£0.013m), contributions from Northumberland County Council – Rural (£0.021m), North of Tyne Combined Authority – Offshore Wind study (£0.010m), LGF Energy contribution provides (£0.058m), BEIS Local Energy Fund of £0.034m and miscellaneous contributions totalling (£0.036m) including £0.010m OREC, ERDF £0.025m and energy funding of £0.001m from 2020/21.

8.16 ERDF, Digital Catapult and Academic Health Science Network (AHSN)

Approximately £0.042m of ERDF and Digital Capital funds remain at the beginning of 2021/22. AHSN have agreed to provide funding for a Health and Life Sciences lead officer going forward (£0.040m).

8.17 NEIF / EZ contributions

Relates to support in these areas to cover the cost of the two dedicated fund programme managers and specific project appraisal support.

8.18 European Social Fund and LGF North East Ambition match funding

The LEP was successful in securing the second tranche of North East Ambition funding (NEA 2) totalling £2.726m to the end of 2023/24, with approximately £0.300m of LGF North East Ambition 1 remaining at the beginning of 2021/22. The budgeted drawdown for 2021/22 to 2023/24 is reflected within the budget. DfE One Vision funding continues in 2021/22 totalling £0.481m stretching into September 2022.

9. **Recommendations**

9.1 The Board is requested to:

- i. Note the positive budget outturn position for 2020/21.
- ii. Note the 2021/22 budget.
- iii. Note the indicative 2022/23 and 2023/24 medium term budget illustrations for the North East LEP.
- iv. Note the potential requirement to drawdown up to £0.500m from the Enterprise Zone account in financial year 2022/23 and the potential requirement to drawdown £0.821m in 2023/24 utilising unused Enterprise Zone reserve in 2021/22 in line with a previous LEP Board approval.

Invest North East England 2020-21 Outturn and 2021-22 Budget.

Overview

Invest North East England (INEE) acts as the strategic inward investment service in the North East. It works collaboratively with its seven local authority partners, two combined authorities, and other key stakeholders such as the North East LEP, Department of International Trade, and Universities to increase the levels of inward investment flowing into the region from both UK-owned and foreign-owned businesses.

Operationally, INEE's work has a few key guiding principles:

- INEE's primary function is to focus on attracting new inward investment to the NE (rather than seeking to secure re-investment in existing companies).
- INEE works closely with, and on behalf of, all seven constituent authorities, its aim being to maximise levels of inward investment regardless of location in North East (a 'North East First' principle).
- INEE activity aims not to duplicate but add value to activities undertaken by the constituent local authorities.
- INEE engages in proactive lead generation activity which is sector-based, focussed on: Digital Technology; Energy; Life Sciences; Advanced Manufacturing; Financial, Professional and Business Services.
- INEE focus of activity will be on strategic inward investment projects which require regional-level promotion, coordination, and collaboration in the first instance, before a focus on a specific site.
- As far as possible, INEE will aim to attract investment opportunities which will lead to significant numbers of high-quality jobs (more and better Jobs).

Performance

After a very challenging year, dealing with the negative impact on inward investment of the COVID-19 pandemic and Brexit, the INEE Team is confident that 2021/22 will bring increased activity. The Team is involved in several very significant projects and is developing new approaches with partners in a number of areas including developing strategies to attract new north shoring and electrification projects, as well as significant offshore wind supply chain activity.

The Invest North East England Budget is supported from the seven Local Authority Contributions of £20,000 each (£140,000) and the North East LEP through interest on investment income (£140,000) and any balance, in 2020-21 £61,756 from North East Investment Fund (NEIF).

The Outturn for 20-21 and the proposed budget for 2021-22 is set out in Table 1 overleaf.

Table 1: Invest North East England 2020-21 Outturn and 2021-22 Budget

2020-21 Outturn and 2021/22 Budget Invest North East England

| Invest North East England (INEE) | 2020-21 Original Budget £ | 2020-21 Actual £ | 2020-21 Variance £ | 2021-22 Original Budget £ |
|---|--|---------------------------------|-----------------------------------|--|
| Expenditure | | | | |
| Salaries | 166,000 | 165,194 | (806) | 166,000 |
| Staff training | 2,000 | 0 | (2,000) | 2,000 |
| Travel Subsistence (Inc.International Travel) | 9,000 | 8,832 | (168) | 9,000 |
| Web, telecoms and computing | 8,000 | 1,999 | (6,001) | 8,000 |
| Marketing/Comms/Events | 100,000 | 40,840 | (59,160) | 100,000 |
| Membership Fees | 3,000 | 2,815 | (185) | 3,000 |
| Visit Hospitality costs | 7,000 | 30 | (6,970) | 7,000 |
| Professional Consultancy | 20,000 | 14,950 | (5,050) | 20,000 |
| Lead generation / representation | 110,000 | 71,290 | (38,710) | 110,000 |
| Research resource licenses | 25,000 | 24,000 | (1,000) | 25,000 |
| Propositions refresh | 10,000 | 17,500 | 7,500 | 10,000 |
| Total Expenditure | 460,000 | 347,450 | (112,550) | 460,000 |
| Income | | | | |
| Local Authority contributions | (140,000) | (140,000) | 0 | (140,000) |
| Private sector contributions to events | (10,000) | (6,306) | 3,694 | (10,000) |
| North East LEP | (310,000) | (201,144) | 108,856 | (310,000) |
| Total Income | (460,000) | 0 | 112,550 | (460,000) |

Report Summary

The report sets out the work of Overview and Scrutiny Committee's first working group established to consider co-production and how the model could be applied to the work of the NTCA. It seeks the committee's approval for submission of the report and its recommendations to Cabinet.

Recommendations

Overview and Scrutiny Committee is recommended to endorse the report and its recommendations and agree to approve the report for submission to Cabinet.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 At the 9 February 2021 meeting of the committee it was agreed to establish a working group on co-production to examine the different approaches and models and consider how co-production could be applied to the work of the NTCA. Co-production is not a new approach and has many definitions but for the purposes of the working group the basic principle of "nothing about us without us" was at its core.
- 1.2 Five members of the committee, from across the three constituent authorities, volunteered to be members of the working group and meetings to receive information and discuss their findings took place between February and April 2021.
- 1.3 The review of co-production has resulted in the following proposed recommendations to Cabinet:
That Cabinet requests the Director of Policy and Performance to:
 1. Create and deliver a programme of information sharing and awareness raising on the different approaches to engaging with residents, partners and colleagues on the ladder of participation and co-production for the whole NTCA officer team;
 2. Utilising the 'Ladder of Engagement' develops guidance for officers to use when beginning work on a project or plan which allows them to positively identify the most appropriate participation approach for the topic; and
 3. Develops a co-production network to identify appropriate groups of people to enable the involvement of harder to reach groups in the work of the NTCA and its constituent authorities.
- 1.4 The report produced by the working group can be read in full at appendix 1.
- 1.5 In accordance with the committee's terms of reference, subject to agreement at its meeting on 29 June 2021, the report will be submitted to Cabinet for it to consider the recommendations with a request that Cabinet informs the committee of what actions the Cabinet proposes to take in response. Cabinet have two months in which to provide a response to the committee. It is anticipated that the report will be submitted to the July 2021 meeting of Cabinet.

2. Equalities Statement

- 2.1 The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic will look to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. The principles of co-production have equality at their core.

3. Inclusive Economy Statement

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

4. Climate Change Statement

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

5. Consultation and Engagement

- 5.1 The members of the working group developed the recommendations and the draft report has been shared with the senior management team at NTCA.

6. Appendices

Appendix 1 – Co-production at NTCA Scrutiny Report

7. Background Papers

[North of Tyne Combined Authority Constitution](#)

8. Contact Officers

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9. Glossary

NTCA North of Tyne Combined Authority



June 2021



Contents

| | |
|-------------------------------------|---|
| Introduction | 3 |
| What is Co-production? | 3 |
| NTCA and Co-production | 5 |
| Next steps | 5 |
| Recommendations | 5 |
| Background Information | 6 |
| Contact Officers | 6 |

Introduction

At its meeting on 9 February 2021 the NTCA Overview and Scrutiny Committee (OSC) agreed to establish a working group on co-production to examine the different approaches and models of co-production and consider how co-production could be applied to the work of the North of Tyne Combined Authority (NTCA).

It was anticipated that the work would add value to the NTCA as it would provide a cross constituent authority view on the adoption of a co-production strategy for NTCA and an assessment of the best co-production approach for different types of project/objectives to assist NTCA officers choose the right framework for their project.

The membership of the working group came from across the three constituent authorities and in February 2021 was as follows: Councillor Sandra Graham (North Tyneside Council), Councillor Anita Lower (Newcastle City Council), Councillor G Roughead (Northumberland County Council), Councillor Gordon Stewart (Northumberland County Council) and Councillor Linda Wright (Newcastle City Council).

The working group met on a number of occasions to receive information from officers and discuss their findings.

What is Co-production?

Co-production is not a new approach and has many definitions but for the purposes of the working group the basic principle of “nothing about us without us” was at its core. Co-production is essentially sharing the design and delivery of services with users and enables those involved to have equal power and influence over the decisions taken.

Under the Public Sector Equality Duty (created by the Equality Act 2010), councils must recognise the need to encourage people to take part in public life and other activities; the Local Government Act (1999) and the Local Government and Public Involvement in Health Act (2007) place duties on local authorities to inform, consult or involve the public and the Localism Act (2011) introduced new rights and powers for communities, giving them the freedom to be better involved in the way local decisions are made and more influence over the future of where they live.

Co-production can provide the mechanism to ensure that Council's (and NTCA) are fulfilling those duties whilst also making meaningful changes to services and neighbourhoods.

The Social Care Institute for Excellence (SCIE) has identified a set of values that it views as underpinning co-production:

Equality: Everyone has assets. Co-production starts from the idea that no one group or person is more important than anyone else and everyone has skills, abilities and time to contribute.

Diversity: Co-production should be as inclusive and diverse as possible. Particular efforts may be needed to ensure that seldom heard groups are included.

Accessibility: Making everything accessible is the way to ensure that everyone has an equal opportunity to participate fully in an activity in the way that suits them best.

Reciprocity: Reciprocity means people get something back for putting something in.

The working group accepted the values as a good introduction on how to approach co-production and as a starting point for any framework the NTCA might want to adopt. The questions to be answered by the framework would be how the values would be enacted.

Members also considered the ladder of participation as a useful tool for thinking about what type of participation is being undertaken and what that means for those involved. There will be times when full co-production is not possible or wanted due to the time constraints involved or the type of service being delivered.

The ladder of participation:



Members were asked to reflect on the work they and their local authority had undertaken and to consider where on the ladder of participation that project would sit; what had worked well and what hadn't and how that could be applied to NTCA.

Utilising the knowledge and experience of those organisations and individuals embedded in their communities was of paramount importance to the members. Those people and organisations are trusted and known by the people whose voices are too often unheard and are best placed to identify where the gaps are. Improving the Authority's connections with these groups would be vital to undertaking full co-production in the future and to ensure the NTCA's work is truly helping those who need it most.

Members considered that an evaluation framework, for example a set of questions to be asked at the beginning of a project, would help identify whereabouts on the ladder of participation the engagement with residents, partners, businesses and the VCSE sector should be for a project. There will be circumstances when informing is appropriate and sufficient but there will also be times when engagement is thought to be the appropriate level but once the questions have been considered it is more suited to co-design.

An evaluation framework would also identify areas of work already undertaken in our constituent authorities and reduce any duplicate work or potential conflicts of approach and assist with project planning and inform the equality impact assessment.

NTCA and Co-production

NTCA does not have the powers and responsibilities for policy areas that local authorities have, therefore the opportunities to use full co-production are more limited. As the NTCA is still establishing itself and increasing its public profile its use of co-production is understandably more focussed on organisations which means less direct collaborative and deliberative work with residents. This is changing though, as demonstrated by the Citizens' Assembly on climate change and plans for a Poverty Truth Commission and the Wellbeing Framework.

NTCA has ambitions for an inclusive economy that brings together people and opportunities to create vibrant communities and a good quality of life, to narrow inequalities and ensure that everyone has a stake in the region's future. For the inclusive economy ambitions to be realised close working with residents will be vital. The ladder of participation can be used to ensure that consideration is given to working with the region's communities and partners in its projects and plans which is meaningful and appropriate for the work the NTCA undertakes. This means that the whole officer team at NTCA needs to understand the principles of participation and how the various approaches can be used to inform the decisions the Authority takes.

At the second meeting of the working group the Members received a presentation from the Head of Inclusive Growth and the Strategic Lead for Education Challenge on the participation approaches they had used in their time with the Authority. This included their work on the Education Challenge and the Joint School improvement Strategy; digital inclusion; the delivery of the Adult Education Budget and the pilot on the return to work scheme for carers. Officers were candid about the challenges they'd faced and which areas needed developing and lessons learnt.

This approach to continued learning and reflection on work undertaken was welcomed by the Members of the working group as evidence that NTCA is being guided by good principles and genuinely wants to increase participation and involvement with our residents, partners and businesses.

Members did make suggestions as to which groups of people may be underrepresented or missed through traditional engagement channels and these included: refugees; young carers; those with a disability; the homeless; European union citizens and 'new' poverty.

The working group notes that co-design and co-production is one of the five equality objectives NTCA adopted for 2021-2025 at its Annual Meeting in June and considers that this strengthens the recommendations it makes.

Next steps

The Overview and Scrutiny Committee will monitor Cabinet's response to its recommendations and will provisionally add a review of the coproduction work of NTCA to its 2024-25 work programme.

Recommendations

The Overview and Scrutiny Committee makes the following recommendations:

1. That NTCA create and deliver a programme of information sharing and awareness raising on the different approaches to engaging with residents, partners and colleagues on the ladder of participation and co-production for the whole NTCA officer team.
2. That utilising the 'Ladder of Engagement' NTCA develops guidance for officers to use when beginning work on a project or plan which allows them to positively identify the most appropriate participation approach for the topic.
3. That NTCA develops a co-production network to identify appropriate groups of people to enable the involvement of harder to reach groups in the work of the NTCA and its constituent authorities.

Background Information

Social Care Institute for Excellence <https://www.scie.org.uk/co-production/>

North of Tyne Combined Authority Inclusive Economy Statement

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