

Cabinet

30 July 2024

(2.00pm)

Meeting held in: The Pandon Room, Civic Centre, Newcastle

Minutes

Present: Mayor Kim McGuinness (Chair)
Martin Brookes
Councillor Kelly Chequer
Councillor Tracey Dixon
Councillor Martin Gannon
Councillor Nick Kemp
Dame Norma Redfearn DBE
Councillor Glen Sanderson
Councillor Elizabeth Scott
Lucy Winskell OBE

C19/7/24 Apologies for Absence and Substitutes

Apologies for absence were received from:

Councillor Amanda Hopgood. Councillor Elizabeth Scott attended the meeting as her substitute.
Councillor Michael Mordey. Councillor Kelly Chequer attended the meeting as his substitute.

C20/7/24 Declarations of Interest

There were no declarations of interest.

C21/7/24 Mayor's Announcements

Mayor Kim McGuinness began the meeting by acknowledging the tragic events which had occurred in Southport the previous day resulting in the deaths of 3 children and others being seriously injured. She stated that everyone's thoughts, sympathy and solidarity were with the victims, families and communities affected by the incident.

Mayor McGuinness also commented that since the previous meeting of the Cabinet, a new Government had been elected and she, together with other regional Mayors, had been invited to Downing Street to discuss devolution. She welcomed the opportunity and looked forward to working with Government as an equal partner to secure greater powers and deliver growth in the region. She specifically highlighted proposals to establish a Council of Regions and Nations, co-design a Devolution Bill, introduce a Rail Bill, accelerate bus reform processes, attract inward investment, improve high streets, provide more social housing and support the re-opening of the Leamside Line.

C22/7/24 Minutes

Resolved that the minutes of the previous meeting held on 11 June 2024 be confirmed and signed by the Mayor as a correct record, subject to a correction to include Councillor Michael Mordey as being present at the meeting and to omit Councillor Claire Rowntree from the attendance list as she was not present at the meeting.

C23/7/24 North East Combined Authority Senior Structure

The Cabinet considered a report from the Chief Executive which sought approval for a proposed senior management and directorate structure for the Authority and an associated process for recruiting to vacant posts.

It was proposed that the structure comprise the following five directorates:

- Operations
- Finance and Investment
- Transport
- Skills, Inclusion and Public Service Reform
- Economic Growth and Innovation.

Each would be headed up by a Director and each would have a clearly defined role linked to the delivery of the Authority's corporate plan and strategic policy commitments.

The positions of Chief Executive, Director of Finance and Investment and Director of Transport had previously been filled as a consequence of staff transfers at the creation of the Authority. It was proposed that the remaining vacant Director positions be recruited through an open, competitive, and external selection process and supported by an external executive search company. Appointment decisions would be taken by a panel comprising the Mayor and at least two Cabinet members and in consultation with all other Cabinet members.

Resolved that:

- (1) the proposed senior management structure as outlined in Section 2 of the Chief Executive's report be agreed;
- (2) the proposed approach to the appointments to the senior management structure and recruitment to the vacant posts as set out in sections 3 to 5 of the Chief Executive's report be agreed; and
- (3) delegated authority be granted to the Chief Executive (Head of Paid Service) to progress these arrangements.

C24/7/24 North East Combined Authority Strategic Portfolio Plans

The Cabinet considered how the Authority proposed to take forward the opportunities presented by devolution in a co-ordinated fashion. The proposed approach was described in a series of Strategic Portfolios Plans which had been developed by the respective Cabinet members with responsibility for each portfolio. The portfolios had been assigned to individual Cabinet members at the Cabinet meeting on 11 June 2024. The plans incorporated the mayoral manifesto priorities and the findings from significant external engagement.

The 7 portfolio plans were presented to the Cabinet by each respective Cabinet member. The plans identified the Authority's ambitions and priorities over the next 12 months and the longer term for each portfolio. Throughout the presentations members emphasised how the plans supported and complemented each other. The Cabinet also recognised the critical role of the business and voluntary sectors, and their willingness, to work collaboratively with the Authority to deliver its ambitions.

It was proposed that an Advisory Board for each portfolio be established to:

- Support Cabinet members in overseeing the delivery of the vision, ambitions and programmes of activity set out in the Authority's Corporate Plan and associated Portfolio Plans and strategies;
- Steer strategy and policy development on matters relevant to the scope of the respective portfolio and recommend courses of action to Cabinet.
- Bring together key stakeholders to support the delivery of these ambitions and programmes; and
- Provide advice and information to the Authority to ensure there is a robust evidence base for decision-making.

The Advisory Board's would not be committees or sub-committees of the Authority and would have no decision-making powers. They would be chaired by the relevant Cabinet Member and their memberships would consist of key partners and organisations relating to each portfolio area. The Cabinet were presented with the proposed terms of reference for each Advisory Board.

The Cabinet was also asked to approve a number of high priority investments, which reflected time-critical priorities identified within the portfolio plans.

Resolved that:

- (1) the work to date in the development of the Strategic Portfolio Plans be noted;
- (2) the Strategic Portfolio Plans as set out in the report of the Chief Executive be endorsed, the priorities identified in those Plans be progressed and subsequent business cases be developed to support investment decisions;
- (3) delegated authority be granted to the Chief Executive to progress subsequent business cases and make investment decisions associated with the activity described within the Strategic Portfolio Plans in consultation with the Mayor and relevant Portfolio Holder subject to the following thresholds which are included within the adopted Single Assurance Framework:
 - Investment approvals up to £500k are to be approved by the Chief Executive, in consultation with the Section 73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
 - Investment approvals over £500k and up to £1 million are approved by the Chief Executive, in consultation with the Technical Officers Group, S73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
 - Investment approvals over £1 million and up to and including £5 million are approved by the Chief Executive, in consultation with the Finance and Investment Board, Section 73 Officer and Monitoring Officer, under the Cabinet approved delegated authority.
- (4) the establishment of seven Advisory Boards as set out in section A, paragraph 3 of the Chief Executive's report be agreed, to ensure the functions and activities of the Combined Authority are undertaken in a collaborative way;
- (5) the terms of reference for the seven Advisory Boards, as set out in Appendix B to the Chief Executive's report, be agreed and delegated authority be granted to the to the Chief Executive, in consultation with the relevant Portfolio Holder, to appoint individual members to those Boards;
- (6) the Investment Zone Manufacturing Automation Digitalisation Electrification North East (MADE NE) project be approved subject to the conditions set out a paragraph 4.4.5 of the Chief Executive's report and delegated authority be granted to the Chief Executive, to enter into the relevant agreements as required, in accordance with the Single Assurance Framework;
- (7) progress in relation to Trailblazer funding decisions previously agreed by Cabinet on 11 June 2024 regarding Forth Yards and Riverside Sunderland be noted;
- (8) investments approved previously by the North East Joint Transport Committee as set out below be noted and delegated authority be granted to the Chief Executive to action the relevant agreements as required:
 - £4.58 million of Transforming Cities Fund grant for the Shields Ferry Landing scheme to be paid to Nexus through a Grant Funding Agreement,

- £8 million of North East CA's pre-allocated reserve funding to develop an Outline Business Case for the Washington Metro Loop to be produced by Nexus through a Grant Funding Agreement,
 - £0.6 million to commission a Strategic Outline Case for the southern section of the Leamside Line, of which £0.35 million is a contribution from the Department for Transport, £ 0.071m from North East CA's rail budget and £0.179m is from North East CA's pre-allocated reserves,
- (9) the following investment be approved in principle and delegated authority be granted to the Chief Executive, to enter into the relevant agreements as required, in accordance with the Single Assurance Framework:
- £60.811 million (revenue) and £40.468 million (capital) of Bus Service Improvement Plan funding to deliver a range of improvements to bus services, to be delivered by partners through Grant Funding Agreements
- (10) delegated authority be granted to the Chief Executive, in consultation with the Mayor, Portfolio Holder and the seven constituent authority Chief Executives, for the North East CA to enter into a Memorandum of Understanding with Homes England to establish a North East Strategic Place Partnership (NESPP) and approve the NESPP Partnership Business Plan.

C25/7/24 City Region Sustainable Transport Settlement

Councillor Martin Gannon, Cabinet Member for Transport, presented a report which provided an overview of the North East City Region Sustainable Transport Settlement (CRSTS) Programme and sought agreement for a prospective programme of sustainable transport investment.

In 2020 the Government had announced that 8 English city regions would be eligible for a share of additional funding for local transport networks over a five-year period (2022/23 to 2026/27). The North East's eligibility for a settlement was subject to the creation of a Mayoral Combined Authority and further details were set out in the 2022 North East Devolution Deal. The North East CRSTS totalled £563m of capital funding for the period up to March 2027 and a further £11.36m of revenue funds to develop, manage, and assure the CRSTS programme. Initial CRSTS funds released to 2027 would not include the delivery of projects in County Durham, but the North East CA would receive an additional £72.844 million of capital funding from the Local Transport Fund (LTF) to support local transport improvements in the county for the financial years 2025/26 and 2026/27.

Access to CRSTS was dependent on the submission of a Business Case outlining investment propositions, how the North East CA had selected proposed interventions, the scale, timing and outcomes of those interventions in addition to clearly demonstrating how proposals were deliverable and would achieve value for money. This Business Case would be subject to review and agreement from the Department of Transport (DfT) before funding was formally awarded and released.

The Cabinet was presented with a proposed programme which had been assembled through an extensive independent and rigorous evidence-based assessment, built on an initial pipeline of schemes identified in the North East Transport Plan and supplemented with information supplied in collaboration with Local Authorities and regional partners. The programme of investment was balanced, both spatially and thematically with 40 schemes totalling £181m in value.

The 2022 Devolution Deal placed all local roads maintenance funding under the control of the North East CA as part of CRSTS. The allocation of maintenance funding to Highways Authorities would be guided by a new regional Transport Asset Management Plan (TAMP) which was being developed collaboratively with the constituent local authorities and would be presented to Cabinet in due course.

Councillor Gannon commented on the significance of CRSTS in terms of providing additional funding and financial certainty over several years. However, he referred to the scale of the

additional funding and expressed his desire for more to enable the Authority to deliver its ambitious plans for the regional transport network.

Resolved that:

- (1) the City Region Sustainable Transport Settlement update and the progress undertaken to develop the North East City Region Sustainable Transport Settlement Programme be noted;
- (2) the North East City Region Sustainable Transport Settlement Programme be agreed, including:
 - a) A programme of sustainable transport capital investment totalling £181m inclusive of overprogramming, outlined at section 4 of this report and in Appendix 1.
 - b) The allocation of £346m of City Region Sustainable Transport funding for Highways Maintenance, to be accounted for within the forthcoming regional Transport Asset Management Plan.
- (3) delegated authority be granted to the Chief Executive, in consultation with the Cabinet Member for Transport and the Director of Finance and Investment, to finalise the North East City Region Sustainable Transport Settlement Business Case, and submit it to Government on behalf of the North East CA.

C26/7/24 Improving and Reforming North East Buses

Councillor Martin Gannon, Cabinet Member for Transport, presented a report which described the current operation of the bus network, the case for change and options as to how bus operations could be reformed.

Residents in the North East used buses more than in other English regions and, due to lower car ownership, some people had a high reliance on buses. Consequently, an attractive, integrated and reliable North East bus network could tackle regional challenges far beyond transport. However, the bus network had seen a long term decline with the number of miles operated in the region reducing by 31% since 2010 and patronage by 36% in the same period. Residents often did not see the bus as an attractive choice and fragmentation of the transport network meant it could be challenging to align route planning, ticketing and customer information. This was despite an increasing amount of public funding spent on supporting the bus network. It was estimated that £103.8 million of public funding was expended on the North East bus network in 2022/23, representing approximately 43% of bus operator income.

A bus reform project had been initiated to address these problems, deliver a truly integrated transport network and support delivery of the North East CA's wider commitments and ambitions. The Cabinet was presented with a Bus Reform Options Report which outlined the successes and challenges of the current operating model and detailed the benefits, potential costs and implications of two different options for reform. The options were:

- a) Expand the current Enhanced Partnership. The current operator-led delivery model would be retained and any improvements would be subject to agreement with operators following negotiations. The North East CA could seek greater ticketing integration, reduced service duplication and better interchange opportunities with Tyne and Wear Metro services. Expanding the partnership would avoid the lengthy legal process required for franchising and could therefore likely be delivered sooner.
- b) Implement a franchising scheme. Franchising would see buses brought under public control, meaning the North East CA would determine the routes, fares, timetables and vehicle standards in the area. It was likely that bus revenue risk would also be transferred from the operators to the authority. This would mean the authority would be required to cover any shortfall if revenues are below expectations, but equally would benefit from any profits that could be reinvested into the network.

Any decision to proceed with implementing a franchising scheme could only be taken if a Franchising Scheme Assessment (FSA) determined that franchising was the best option. An FSA was effectively a business case which considered its likely effects in terms of delivery and value for

money when compared to the best Enhanced Partnership alternative. An independent audit and consultation would also have to be taken into account before any final informed decision was taken.

The Cabinet was also presented with an update on the Bus Service Improvement Plan (BSIP). The plan provided the region's strategic plan for buses, setting out the vision for improving bus services and growing bus patronage, in line with the National Bus Strategy. The plan had been developed jointly with bus operators and highways authorities and the government had awarded the North East £163.5m to start investment in the projects set out in the BSIP over the period April 2022 to March 2025.

The Cabinet expressed its support for proceeding with the preparation of a FSA. Members highlighted the needs of rural communities for sustainable bus services, the importance of the network in providing equitable access to the region's assets and the Authority's ongoing commitment to continue to work with operators to improve bus services.

Resolved that:

- (1) the Bus Reform Options Report be noted;
- (2) a notice of intent to prepare a Franchising Scheme Assessment be published, as required by the legislation, and the Authority proceed to preparation of a Franchising Scheme Assessment covering the area of the North East CA;
- (3) a total budget allocation of £8.5 million for a Franchising Scheme Assessment across financial years 2024/25, 2025/26 and 2026/27 be approved, to be funded by a combination of existing transport budgets, reserves previously earmarked for transport, and interest which will be earned on transport balances held during the current financial year; and
- (4) the updated version of the Bus Service Improvement Plan be approved for publication.