

North East Combined Authority, Overview and Scrutiny Committee

1 December 2015

Meeting held North Tyneside Council, Quadrant, The Silverlink N, Cobalt Business Park, Newcastle upon Tyne, Tyne and Wear NE27 0BY

Present:

Councillor: Eagle (Chair)

Councillors: Crute, Dillon, Eagle, Glindon, Graham, A Lower, Maxwell, Meling, S Pearson, Pidcock and Snowdon

25 APOLOGIES FOR ABSENCE

Apologies were received from the chair, Councillor Wright and Councillors Armstrong and Flux.

Councillor Eagle (in the chair) welcomed members, the Mayor of North Tyneside and the leaders of South Tyneside and Sunderland Councils to the meeting. He went on to also welcome officers from Nexus and Deutsche Bahn Regio Tyne and Wear Ltd (DBTW).

26 DECLARATIONS OF INTEREST

The Chair advised that the NECA Monitoring Officer had granted dispensation to enable him to be a representative and to participate in discussions of the Overview and Scrutiny Committee.

27 MINUTES OF PREVIOUS MEETING HELD ON 20 OCTOBER 2015

The minutes of the previous meeting were agreed as a correct record.

28 DEVOLUTION UPDATE

Submitted: Report of the Head of Paid Service (previously circulated copy attached to official minutes) to update Committee on the negotiations with Government and proposed devolution agreement signed by the NECA Leadership Board and the Chancellor and Commercial Secretary on 23 October 2015.

Iain Malcolm (Leader of South Tyneside Council), Norma Redfern (Mayor of North Tyneside Council) and Paul Watson (Leader of Sunderland City Council) were present for this item.

The proposed agreement for devolution provided for the transfer of significant powers for employment and skills, transport, housing, planning, business support and investment from central government to the North East. It also paved the way for further devolution over time, and for the reform of public services, including health and social care.

Adam Wilkinson (Head of NECA Paid Service) apologised for not attending the last meeting of the Overview and Scrutiny Committee and went on to present the report. The report included progress to date and outlined the next steps in the process for NECA and the constituent authorities, including the approach to public and stakeholder consultation and implementation planning.

Final agreement was conditional on a range of factors set out in the agreement: the legislative process, the Spending Review, further public consultation, agreement by the constituent councils, and formal endorsement by the Leadership Board and Ministers early in the New Year.

NECA and the constituent councils would continue to consult on the proposals into the New Year.

Attendees discussed the different approaches taken by constituent local authorities (LAs) with regard to consultation with residents. Durham County Council was undertaking a full postal consultation. Other methods of consultation across the region included community newsletters, stakeholder exercises and events. It was considered by a member that a consistent approach could have lessened the risks and delivered a consistent message back to Whitehall.

With regard to the actual signed Devolution Agreement, this was seen as a 'heads of terms' mechanism for going forward with other discussions. With regard to accountability going forward, it was hoped that the scrutiny arrangements would remain as now. Although the agreement was a significant milestone, there was much more work still to be done. The Chief Finance Officer advised that the proposals were for devolution down from central government and was not wholesale change to local government provision of services.

The leaders and Elected Mayor present considered that the major hurdles to moving forward with devolution were finance, governance (ie. an elected mayor) and legal issues (the wording of the Bill).

It was anticipated that some elements of devolution would take place from 2016 but progressing to the next phase was dependent on a range of factors, including the Spending Review announcement on 25 November and the passage of the Cities and Local Government Devolution Bill through Parliament (with Royal Assent expected before Christmas).

However, progression was also dependent on the seven LAs endorsing the agreement before the NECA Leadership Board considered whether to formally endorse the proposed agreement. At this point the Monitoring Officer confirmed that the current Bill proceeding through Parliament specified that if one local authority did not proceed, then that authority could be omitted, but only one.

The Leadership Board members present stated that if there was to be an elected mayor then s/he would have to be responsible to the local authority leaders. Since before the referendum for an elected regional assembly in 2004, there had been a level of expectation of some devolution in the North East. Many residents were not opposed to self-determination although it was thought that there would be some division on an elected mayoral system. The powers and responsibilities would have to be weighed up against a new governance structure. The Government was insistent that a new fiscal model from 2017 was completely predicated on an elected mayor model. The Leadership Board representatives wanted to create a system where the mayor was not 'all powerful' and had to work with the seven LAs. The LAs would want to be able to block the budget of the elected mayor and each leader would have influence by being a portfolio holder in the cabinet.

The representatives of the Leadership Board would want an elected mayor to prepare a vision for the North East that all residents could sign up to - civil society had to play a part in shaping the mayoral vision.

The elected mayor's vision would need to have been implemented by the time of the next election. The mayor would not be able to deliver without the backing of the constituent local authorities and s/he would have to demonstrate that they were listening. The local authorities would provide the elements of checks and balances on an elected mayor. However, an elected mayor would have to be allowed to implement the manifesto s/he was elected on. Checks and balances could stop some of the excesses.

The Leadership Board representatives considered that the North East should stay on this journey until everyone could see exactly what was on offer from the government.

Fiscal devolution was crucial for the local authority leaders to help shape the future of the region particularly in relation to transport and potential investment in the Metro, buses, airports and ports.

Members discussed issues around public perceptions and the fact that it appeared that none of their residents wanted an elected mayor. There was no local evidence that the public supported this proposed model of governance.

The Chief Financial Officer stated that the North East was attracting jobs and inward investment and, as such, had been able to respond to government in a positive manner. A directly elected mayor for the CA area would be a very different model to what was currently known; the role was about skills and investment in the region and it was therefore important to get the constitution right, with Overview and Scrutiny written into the checks and balances processes.

Members expressed further concern about consulting with the public, not just political groups, and the possibility of a referendum.

The political leaders emphasised again that their authorities had to exist within the mandate that they have and that further discussions would be crucial. The CA provided an opportunity to increase economic capacity and to operate on a global level. Decisions would be better made locally. With regard to business rates this

would be a national initiative and subject to the views of businesses. A bill was going through parliament at the moment which included information on a precept to cover the directly related costs of a mayor.

An implementation plan would be developed over the coming weeks to ensure that arrangements were in place to enable NECA to deliver on the proposals if they were formally agreed in the New Year. This would include establishing the appropriate capacity to progress the various workstreams related to the devolution agenda and the allocation of lead roles across the themes of the proposed agreement. Discussions with Government officials were also continuing in order to support this work.

RESOLVED – members agreed to receive appropriate devolution updates in a timely fashion; updates to be included on the Overview and Scrutiny Committee work programme. Committee members would look forward to meeting the other four local authority leaders in the future.

29 **NEXUS PERFORMANCE**

Submitted: Report of Director of Rail and infrastructure, Nexus (previously circulated copy attached to official minutes) to provide an update on performance issues regarding the Tyne & Wear Metro, and also to allow the Overview and Scrutiny Committee to review Metro services during the Great North Run.

Tobyn Hughes and Raymond Johnson (Nexus), Sharon Kelly and Emma Brown (DB Regio Tyne and Wear) were present for this item.

Tobyn Hughes introduced the reports. At the Transport North East (Tyne and Wear) Sub-Committee on 17th September 2015, the members of that committee requested that the Scrutiny Committee be asked to provide an independent scrutiny of the issues with the performance of the Metro, particularly following performance on the day of the Great North Run.

The report provided general performance information including overall performance of the Metro system and as breakdown of influences on performance. With regard to penalties levied on DBTW in respect of train operations, to the end of period 6 of this financial year amount to £0.136m. Penalties levied during the whole of the prior year amounted to £0.271m.

Appendix 1 to the report provided Nexus's review into the delivery problems experienced on the Metro during the 2015 Great North Run (GNR).

Nexus and DBTW acknowledged that the service delivered on the day of the GNR was appalling and officers were devastated by the service provided. This was considered a catastrophic failure which had brought shame on the companies and the region. No decision had yet been taken on the Metro contract which ran until March 2017 although it was stated that the contract document was very complex.

Members' questions and comments

- Overview and Scrutiny Committee suggested that a tenth recommendation be added to the Nexus report to clearly state that the public had to be kept updated and informed of what was going on.
- It was acknowledged that the Metro Facebook page was a challenge and that there had been problems keeping it up to date. DBTW were looking to identify a solution going forward.
- DBTW was reliant on overtime volunteer drivers for special events. Although only 12 drivers could be trained per year, in the last year 24 had been bought on and a further 8 were expected over the next few months.
- A member stated that the situation on GNR day was completely inexcusable and asked what sanctions had been applied as a result.
 - T Hughes stated that this was considered a catastrophic failure which had brought shame on the companies and the region. No decision had yet been taken on the Metro contract which ran until March 2017; however, there was potential for an extension and it was acknowledged that the contract document was very complex.
- In response to a question about the possibility of any connection with the complex management arrangements, the following further information was provided:-
 - On behalf of NECA, Nexus owned the Metro System including depots, trains tracks and stations.
In 2010 Nexus let an operating concession through OJUE for the operation of the trains, employment of drivers and controllers, customer services and marketing.
The contract was won by DB Reggio which was at that time owned directly by the German state.
Performance penalties are included in the delivery model.
The company was subsequently acquired by Arriva.
- The Metro 'timetable' was extremely complex and similar to a computer programme. As such, operations required specialist expertise.
- A series of planning meetings were held up to GNR 2015 but there had been a failure to communicate that the timetable was compliant, or not, in respect of the operating system. It had been anticipated that service provision would be the same as last year.

The Chair thanked Nexus and DBTW officers for their attendance and willingness to be open.

With regard to the autonomy of the Overview and Scrutiny Committee, the Scrutiny Officer reminded members that the Transport North East (Tyne and Wear) Sub-Committee had requested that the Scrutiny Committee be asked to provide independent scrutiny of the issues with the performance of the Metro on the day of the GNR.

30 **DRAFT BUDGET 2016/17**

Submitted: Report of the Chief Finance Officer (previously circulated copy attached to official minutes) seeking the views of Overview and Scrutiny Committee on proposals for the 2016/17 NECA budget, as part of the consultation process.

The budget proposals for 2016/17 were set out in the reports and appendices for transport and non-transport activity. (A summary report on the Draft 2016/17 Budget presented to the Leadership Board on 17 November, the more detailed report on the Tyne and Wear Transport Budget presented to the Tyne and Wear Sub-Committee on 24 November and an extract from the TNEC report covering Transport costs in Durham and Northumberland were attached as appendices).

The Chief Finance Officer advised that consultation was required at this time to meet the statutory obligations around transport in January 2016, although not all of the information needed to complete the budget was currently available. Overview and Scrutiny Committee was asked to consider the proposals and provide comments which would be taken into account as part of the consultation process.

The budget process was slightly different this year due to uncertainties around the spending review and the potential of additional spending coming in through the devolution agenda. At this stage the intention was to implement a one year budget. If the region was to go down the route of having a directly elected mayor this would be from March 2017; the elected mayor's first budget would therefore be 2018/19.

The Chief Finance Officer informed Overview and Scrutiny that the Transport North East subcommittee had commented that more alignment had been expected on transport policy and that this should be reflected in the March version of the report. Further details on grant funding and financial and governance implications associated with the devolution agreement would also be included in future versions.

Following a remark about the Swans Wet Berth infilling Local Growth fund project, the figure of £18m would be checked.

A member raised the issue of the potential loss of funding associated with the Quality Contracts Board results. The Chief Finance Officer advised that there were other opportunities to bridge some of the gap and that the intention was to look at strategic options over the next 12 months.

31 **POLICY REVIEW : TRANSPORT RELATED BARRIERS TO EDUCATION, EMPLOYMENT AND TRAINING**

Submitted: Report of the NECA Monitoring Officer (previously circulated copy attached to official minutes) to consider written evidence submissions for the policy review of transport related barriers to education, employment and training.

The policy review would contribute to the North East Transport Plan (estimated completion date October 2016). The Plan would specifically be delivering 'More and Better Jobs'. This written evidence had been submitted following a Call for Evidence issued during the summer.

The consultation period ran from 27th August to end October 2015. 40 replies were received and have been sub-divided as follows:

- (a) Training providers / educational establishments – 4
- (b) Members of the Public – 11
- (c) Commuters – 16
- (d) Travel Advisors – 2
- (e) Voluntary Groups – 6
- (f) Providers – 1

The written evidence set out in the report Appendix would be analysed fully in the formation of conclusions for the review. It was also proposed to hold a Policy Review Inquiry Day in the next few months to allow for a full discussion on the issues raised in both the oral sessions and the written submissions. Witnesses and relevant stakeholders would be invited to participate in this session.

The NECA Communications Team had organised the consultation and the call for evidence had been publicised in the local press and on the seven local authority websites.

Members noted that there were no public responses to the consultation from Newcastle or Gateshead. This was possibly due to the fact that there was a greater strength of feeling from rural areas. However, specific areas could be targeted to attend the Inquiry Day if members considered this an appropriate way forward.

It was pointed out that parts of Newcastle were not easy to reach and members agreed to invite representatives of Castle Ward to the Inquiry Day.

RESOLVED – That Scrutiny Committee received the written evidence to contribute towards the policy review and agreed to hold an Inquiry Day to carry out further stakeholder engagement.

32 **FORWARD PLAN & WORK PROGRAMME**

Submitted: Report of the Monitoring Officer (previously circulated copy attached to official minutes) which incorporated a copy of the NECA Forward Plan and the updated Scrutiny Annual Work Programme for 2015/16.

The Scrutiny Officer advised that the report provided Members with an opportunity to consider the items for the current 28 day period and to review the work programme.

The work programme would be updated to reflect the budget discussions and the transport update.

RESOLVED – That the work programme and the NECA Forward Plan in relation to the development of the Committee's work programme be received.

33 **DATES AND TIME OF NEXT MEETING**

2:00pm Tuesday 9 February 2016, Jarrow Town Hall