

North East Combined Authority

Leadership Board

19 January 2016

Meeting held: North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

Present:

Councillor S Henig (Chair)

Councillors G Davey, N Forbes, M Henry, I Malcolm and P Watson and Mayor N Redfearn

37 **APOLOGIES FOR ABSENCE**

An apology for absence was received from Mr P Woolston.

38 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

39 **MINUTES OF THE PREVIOUS MEETING**

The minutes of the previous meeting held on 17 November 2015 were approved as a correct record and signed by the Chair.

40 **UPDATES FROM THEMATIC LEADS**

(a) **Economic Development and Regeneration**

Submitted: An update report of the Thematic Lead for Economic Development and Regeneration (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress of the key developments within the Economic Development and Regeneration theme of the Combined Authority. The report was introduced by the Thematic Lead.

RESOLVED – That the report be noted.

(b) **Employability and Inclusion**

Submitted: An update report of the Thematic Lead for Employability and Inclusion (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress of the key developments within the Employability and Inclusion theme of the Combined Authority. The report was introduced by the Thematic Lead.

RESOLVED – That the report be noted.

(c) **Transport**

Submitted: An update report of the Thematic Lead for Transport (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress of the key developments within the Transport theme of the Combined Authority. The report was introduced by the Thematic Lead who highlighted key issues arising.

Members noted the lack of effective support from Network Rail following the recent landslide which had damaged the rail line between Newcastle and Carlisle. Reference was also made to the role of Network Rail in the recent incidents of disruption to the Metro services. It was noted that the Managing Director (Transport Operations) had written to Network Rail about these issues.

Members commented on the lack of control of the Combined Authority, its constituent local authorities and Nexus over the issues with the Metro services running on the section of track on the Sunderland extension that was maintained by Network Rail. Members emphasised the importance of an effective communications strategy to ensure the public received correct and comprehensive information.

Members also noted that the proposed delegation to approve the final version of the Transport Manifesto related to minor tweaks only; there were no substantial amendments proposed. The Manifesto had already been considered by the Leaders and the Transport North East Committee and also discussed by Members of the Transport North East Committee at workshops.

RESOLVED – That:

- i. the report be noted;
- ii. the Scrutiny Committee be recommended to invite Network Rail to its future meeting to consider the rail tracks system management issues in the Combined Authority area; and
- iii. the Thematic Lead for Transport would contact Network Rail on the issues with the rail track system management.

41 **2016/17 REVENUE BUDGET AND TRANSPORT LEVIES**

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

Members considered the report which invited them to agree the 2016/17 revenue budget and transport levies for the North East Combined Authority (NECA).

RESOLVED – That:

A. In terms of the NECA Transport Budget and Transport Levies for 2016/17:

a) a transport net revenue budget for 2016/17 of £86,893,972 as set out in section 5 of the report be agreed;

b) the following Transport Levies for 2016/17 be agreed:

i.	Durham County Council	£15,440,043
ii.	Northumberland County Council	£6,333,929
iii.	Tyne and Wear Councils (detailed in table 7)	£65,120,000

c) a transport revenue grant to Durham County Council for the delivery of transport services of £15,435,104, as outlined in section 5.5.3 of the report, be agreed;

d) a transport revenue grant to Northumberland County council for the delivery of transport services of £6,328,990, as outlined in section 5.5.8 of the report, be agreed;

e) a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £62,500,000, as outlined in section 5.5.17 of the report, be agreed; and

f) the increase in the Tyne Tunnel tolls for cars (class 2 vehicles) from £1.60 to £1.70 and for HGVs (class 3 vehicles) from £3.20 to £3.40, as set out in section 9.5 of the report, be approved.

B. In terms of the Non-Transport elements for the NECA budget:

a) an annual contribution to fund the North East LEP core capacity costs of £250,000 as match funding to secure a £250,000 Government grant, paid for by an equal contribution of £35,714.29 from each of the seven councils in the NECA, as set out in section 6.1 of the report, would continue;

b) the continuation of the budget contribution of £140,000 towards inward investment activity, which was paid for by an equal contribution of £20,000 from each of the seven councils in NECA, as set out in section 6.8 of the report, which included a potential increase in the total funding for this activity to £505,000 in 2016/17 and £575,000 in 2017/18, subject to a satisfactory report on progress later this year be approved;

c) a budget for the corporate costs of the NECA of up to £550,000 in 2016/17, with £300,000, paid for by an equal contribution of £42,857.14 from each of the seven councils in NECA, as set out in section 7 of the report, be agreed;

d) the Leadership Board noted that the Treasury Management and Investment Strategy and the statement on minimum revenue provision repayments for borrowed capital expenditure for 2016/17 were set out in the report on the Capital Programme elsewhere on the agenda for this meeting; and

e) the level of reserves set out in section 11 of the report be held and the Leadership Board noted that the Chief Finance Officer considered this level of reserve to be satisfactory, given the information currently available about the arrangements for managing financial risks facing the Combined Authority.

42 **CAPITAL PROGRAMME 2016/17 AND TREASURY MANAGEMENT POLICY AND STRATEGY 2016/17**

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

Members considered the report which provided an update on the forecast capital outturn position for 2015/16 and presented the initial 2016/17 capital programme and forward commitments for approval. The report also set out the Treasury Management Policy and Strategy for 2016/17 and the Prudential Indicators for 2016/17.

RESOLVED – That:

- i. the latest position in respect of the 2015/16 capital programme be noted;
- ii. the proposed approach to maximising Local Growth Fund (LGF) capital spending in 2015/16, set out in section 2.4 of the report, which would be subject to the North East Local Partnership (NELEP) approval and DCLG/BIS approval, where this was necessary, be agreed;
- iii. the proposed initial Capital Programme for 2016/17 mounting to £129.3m, as set out in the report, be approved;
- iv. the Treasury Management Policy and Strategy for 2016/17, including the Borrowing and Investment Strategies, and the Prudential Indicators, as set out in Appendix C, be approved; and
- v. the Minimum Revenue Provision Statement for 2016/17, as set out in Appendix D, be approved.

43 **PROJECT APPROVALS**

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

Members considered the report which provided an update on the Local Growth Fund (LGF) projects and sought approval of associated actions. As an update, it was noted that the second and third bullet points in section 4.2 of the report should be removed.

RESOLVED – That:

A. The following actions for the projects listed below be approved:

1. A19 Employment Corridor Access Improvements – The project was approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £4.7m;

2. A191 Junctions including Coach Lane and Tyne View Park – The project was approved to proceed to grant funding agreement and construction based on a full and compliant business case, with an LGF grant of £1.5m;
3. Sunderland Low Carbon Zone – The project was approved to proceed to grant funding agreement and construction based on a full and compliant business case, with the release of LGF grant of £5.95m;
4. Northern Access Corridor Phase 2 (Cowgate to Osborne Road) – To delegate the decision to approve the business case and funding release to the Head of Paid Service, in consultation with the Thematic Lead for Transport, the Chief Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project;
5. Scotswood Bridgehead Improvements – To delegate the decision to approve the business case and funding release to the Head of Paid Service, Service in consultation with the Thematic Lead for Transport, the Chief Finance Officer and the Monitoring Officer, subject to receipt of a full and compliant business case and no increase in the overall level of LGF grant for the project. In the event of a delay in finalising the full business case a 1st phase advance approval (around £500,000) be granted;
6. Newcastle Central Station to Stephenson Quarter – To agree to a phased approval and release of LGF for the project, beginning with a 1st phase approval for £850,000 for design and advanced junction works, anticipating a subsequent full business case and remaining LGF approval request expected to be made in late Spring 2016;
7. South Shields Interchange – To agree to a phased approval and release of LGF for the project, beginning with a 1st phase approval for £1,600,000 for design, consultancy fees and site assembly works, anticipating a remaining LGF approval for £5,300,000 expected to be made in late spring 2016;
8. Northern Access Corridor Phase 3 (Osbourne Rd to Haddrick's Mill) – To agree to a phased approval and release of LGF for the project, beginning with a 1st phase approval of £635,000 for advance works, anticipating a remaining LGF approval for £3,795,000 expected to be made in late Spring 2016.

B. The use of the LGF grant for the two Enterprise Zone schemes in order to maximise the use of the LGF grant in the current year, as set out in section 2.4 of the report, subject to the approval of NELEP and DCLG/BIS, where this was necessary, be agreed.

44 **DEVOLUTION UPDATE**

Submitted: An update report of the Head of Paid Service (previously circulated and copy attached to Official Minutes).

Members considered the report which provided an update on progress of a devolution deal for the region. The Chair introduced the report and provided an

update referring to the fact that further consultation events had been held and explaining that the Cities and Local Government Devolution Bill was now awaiting the Royal Assent.

During the ensuing discussion, Members expressed concern about risks arising in relation to the following matters:

- some crucial detail had not yet been discussed or addressed;
- the timescales involved; and
- the Combined Authority's understanding that the current status of the proposed devolution deal was not a final deal but a proposal only, and that further work was required with the government to address issues and finalise the deal.

RESOLVED – That the report be noted.

45 **NORTH EAST RAIL MANAGEMENT UNIT AND RAIL NORTH MEMBERS AGREEMENT**

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

Members considered the report which invited the Combined Authority to enter into Members' Agreement for the Rail North arrangement and also the associated Collaboration Agreement for the North East Regional Management Unit.

The following matters were clarified:

- the proposed authorisation arrangements for entering into the Rail North Members' Agreement related to the final tuning rather than any material changes;
- the term "North East" within the Rail North arrangement included partners from North Yorkshire and Cumbria and this was to align with the structure of the North East Rail Network;
- the full agreement document had been considered by the Leadership Board at its last meeting;
- the relatively low voting share proposed for the Combined Authority as part of the Rail North arrangement was based on the population mileage and was considered to be a good starting point;
- as a result of the proposed arrangement, the Combined Authority would have a level of influence over the specification of the new rail franchises, including rolling stock and frequencies and quality of rail services; and
- the aspiration as part of the North Rail arrangement matched the Combined Authority's economic growth agenda, including creating and growing jobs.

Clarification was also offered on the historical background of the local authorities working over the previous years to join in a way that could influence the specification of rail franchises.

Members noted the timescales involved.

RESOLVED – That:

- i. the Monitoring Officer be authorised, on behalf of the NECA, to enter into the Rail North Members Agreement in consultation with the Head of Paid Service and the Thematic Lead for Transport;
- ii. the Monitoring Officer be authorised, on behalf of the NECA, to enter into a Collaboration Agreement with other local transport authorities whose local rail services were covered by the 'North East Rail Management Unit', in consultation with the Head of Paid Service and the Thematic Lead for Transport; and
- iii. the Thematic Lead for Transport to represent the NECA on the Board of the 'North East Rail Management Unit'.

46 **DATE AND TIME OF NEXT MEETING**

Tuesday, 19 April 2016 at 2pm at Sunderland Civic Centre

ANNOUNCEMENT - THE CHAIR OF THE LEADERSHIP BOARD

The Chair was congratulated on his recent appointment to the Order of British Empire (CBE).