

## North East Combined Authority

### North East Leadership Board

21 October 2014

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

#### **Present:**

Councillor Henig (Chair)

Councillors Davey, Henry, Malcolm and Watson, Mayor Redfearn and Mr Woolston

#### 49 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Forbes.

#### 50 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### 51 **MINUTES OF THE PREVIOUS MEETING HELD ON 15 JULY 2014**

The minutes of the Extraordinary Meeting held on 16 September 2014 on Loan Agreement were agreed as a correct record and signed by the Chair.

#### 52 **MINUTES OF EXTRAORDINARY MEETINGS**

##### (a) **Minutes of the Extraordinary Meeting held on 15 July 2014**

The minutes of the Extraordinary Meeting held on 15 July 2014 were agreed as a correct record and signed by the Chair.

##### (b) **Minutes of the Extraordinary Meeting held on 16 September 2014 on Loan Agreement**

The minutes of the Extraordinary Meeting held on 16 September 2014 on Loan Agreement were agreed as a correct record and signed by the Chair.

##### (c) **Minutes of the Extraordinary Meeting held on 16 September 2014 on Annual Report and Accounts 2013/14**

The minutes of the Extraordinary Meeting held on 16 September 2014 on Annual Report and Accounts 2013/14 were agreed as a correct record and signed by the Chair.

(d) **Minutes of the Extraordinary Meeting held on 16 September 2014 on 2015/16 Budget Process and Timetable**

The minutes of the Extraordinary Meeting held on 16 September 2014 on 2015/16 Budget Process and Timetable were agreed as a correct record and signed by the Chair.

(e) **Minutes of the Extraordinary Meeting held on 16 September 2014 on Rail North**

The minutes of the Extraordinary Meeting held on 16 September 2014 on Rail North were agreed as a correct record and signed by the Chair.

53 **IMPROVING LOCAL BUS SERVICES**

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

Members considered the report, including Annexes 1, 2 and 3, which set out options for the delivery of the Bus Strategy for Tyne and Wear. The report recommended that a Quality Contract Scheme Option should be pursued.

**RESOLVED** – That:

- I. the findings of Nexus (as set out in the report at Annex 1 and in the confidential Annex 3 to the report), the assessment of those findings by the NECA officers as set out in the report and Counsel's opinion at Annex 2 be noted;
- II. the Leadership Board agreed that the proposed QCS as described in this report (and set out in Appendix B of the Nexus Report at Annex 1) satisfied each of the statutory tests set out in section 124(1) of the Transport Act 2000 (as amended);
- III. the QCS be referred to the QCS Board;
- IV. the Leadership Board agreed that the VPA as currently proposed should not be progressed further by NECA and Nexus (on NECA's behalf);
- V. the Leadership Board agreed that NECA would adopt the Cross Boundary Collaboration Protocol in the event that it would ultimately make the QCS; and
- VI. the Transport Lead Executive Officer and Nexus be authorised to continue work on all matters relating to the QCS, including progressing the QCS through the remaining stages of the statutory process.

54 **NORTH EAST COMBINED AUTHORITY BUDGET 2015/16**

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

Members considered the report which set out, in draft, the key budget issues, principles and proposals that were likely to be included in the report for consideration by the Leadership Board on 20 January 2015. This was the first formal Budget process that was being undertaken since the Combined Authority was established in April this year.

The ensuing discussion included matters such as:

- the importance that the budget report was inclusive of detail, particularly in relation to Corporate Costs;
- the importance of continuing with the principle of streamlined and efficient structures and processes for NECA to avoid an increase in costs;
- the importance of Members driving the development of policies;
- the importance of consultation;
- the draft and evolving nature of the report;
- the short timescale before a decision was required in January;
- the importance of appointing a chief officer of NECA on a more permanent basis as soon as possible and as part of the budget strategy; and
- the importance of a business case for the Metro fares, including the Gold Card, and the Tyne Tunnels tolls to ensure their affordability.

**RESOLVED** – That:

a) the report be noted as work in progress document;

b) the budget approach of setting out a detailed budget for 2015/16, while seeking to develop a five year medium term plan to set the context for the detailed budget and developing a longer term infrastructure plan to support future funding bids, recognising that not all information would be available to enable the medium/long term plans to be completed in full by January 2015 and this would continue to be developed during 2015, be agreed;

c) the following points and proposals would form the basis of consultation about the NECA 2015/16 Budget: -

1. The Revenue Budget and Capital Investment Programme of the NECA and NELEP would be developed to deliver the Strategic Objectives of NECA and the Objectives set out in the Strategic Economic Plan, as highlighted in Section 3 of the report;
2. Resources would be identified and secured to support the capacity of the NELEP and NECA to secure the resources and deliver the actions needed to deliver the SEP strategic objectives. Where possible, the revenue resources required to support the delivery of the objectives would be found from securing additional funding or offset by savings in existing budgets, in order to minimise the costs falling on the hard pressed revenue budgets of the seven constituent authorities;

3. The Transport Budget and Levy for Tyne and Wear was indicatively proposed to be set at £67.2m, which was a reduction of £1.0m (-1.5%), achieved by efficiency and other ITA cost savings and use of reserves. The grant to Nexus funded by the levy was proposed to be £64.5m, a saving of £0.42m achieved from efficiency savings in non-bus budgets. The budget for Bus Services would be protected at its current level in cash terms, which was consistent with the need to maintain this level of resource for the period of up to 10 years in line with the Bus Strategy. This would maintain service outcomes while improving value for money provided to districts and enabling them to help meet national funding cuts and fund any increase in contribution to non-transport NECA budgets;

4. The indicative Transport Budget and Levy for Durham County area is £16.057m, which was an increase of £0.467m (3%) on the original budget for 2014/15, due mainly to cost pressures in connection with Concessionary Travel;

5. The current year's Transport Budget for Northumberland County area was £5.5m. Proposals about the level of the Budget and Levy for 2015/16 were still under consideration and would be circulated when available;

6. Proposals for the uplift in Metro fares to cover inflation cost pressures would be developed to constrain the average increase to less than the latest 2.4% RPI inflation index. No increase was envisaged in the Gold Card prices. No increase in the Tyne Tunnel Tolls was envisaged for January 2015, with the timing of the next increase to keep pace with inflation being subject to the level of future increase in the Retail Price Index;

7. The detailed budget report in January would include the outcome of consideration of proposals to enable the early release of potential benefits from the Enterprise Zones to support the Delivery of SEP objectives as determined by the NELEP. It would set out financing cost savings and funding flexibilities that NECA can provide to enable the NELEP to allocate additional resources to further support the achievement of the SEP objectives; and

8. NECA would set out a balanced budget for 2015/16, maintaining a sufficient but minimal level of reserves to manage risk and would set out a treasury management strategy for borrowing and lending which would comply with the Prudential Code;

d) a narrative document be prepared from the content of this report and the comments and decisions of the Leadership Board, which would set out the budget proposals in an appropriate format for consultation; and

e) the report to the January 2014 meeting would provide detail on the basis on which the Budget was proposed for agreement.

## 55 **UPDATES FROM THEMATIC LEADS**

### (a) **Thematic Lead Update Report - 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 update report.

**RESOLVED** – That the report be noted.

(b) **Thematic Lead Update Report - Transport**

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

Members considered the update report. The ensuing discussion included matters such as:

- the importance of recognition of the economic role of Newcastle Airport at discussions with One North;
- the intention of setting up workshops for Members on key issues arising, including One North;
- the importance of keeping Durham and Northumberland fully involved;
- the importance of speaking as one voice;
- the importance of a full understanding of the priorities in relation to East Coast Main Line and Rail North and the need for a more effective involvement of NECA in discussions on rail;
- the status and priority being given to HS2;
- the need for a process to ensure that the Thematic Leads were fully aware of the issues within and across the three thematic areas; and
- the need for nominations within the Leadership Board for themes that aligned with the North East Local Enterprise Partnership and the Strategic Economic Plan.

**RESOLVED** – That:

- I. the report be noted; and
- II. a report be provided on options for a process to ensure the Thematic Leads were fully aware of issues across the three thematic areas as they arose.

(c) **Mental Health and Employment Integration Trailblazer**

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

Members considered the report which focused on the link between mental health and unemployment. The report sought endorsement of the submission of a business case to the government to secure the delivery of a Mental Health and Employment Integration Trailblazer pilot. The ensuing discussion included matters such as the funding of the pilot and the need for consideration of a delivery model.

**RESOLVED** – That:

- I. the submission of the business case to Government to secure the delivery of a Mental Health and Employment Integration Trailblazer pilot as per the North East Growth Deal be endorsed; and
- II. authorisation be given to further development of the trailblazer with a view to introducing the agreed delivery model from 1 April 2015, subject to the consideration of a further report detailing the implications and impacts.

56 **CONSULTATION RESPONSE - NORTHERN FUTURES**

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

Members considered the report which provided information on a response that had been prepared and submitted on behalf of the NECA on the Northern Futures project.

The ensuing discussion included matters such as the timetable for the submission of the response, consultation with the Economic Directors and Chief Executive Officers on the response, the importance of ensuring that Members had a direct input in responses to consultations, the importance of developing a protocol for communication between NECA and NELEP and the importance of a fixed calendar of the NECA meetings.

Councillor Malcolm requested that it be recorded that he had not endorsed the response.

**RESOLVED** – That the Leadership Board:

- I. noted that a response to the Northern Futures Project had been submitted; and
- II. noted the content of the response as attached at appendix 1.

57 **DATE AND TIME OF NEXT MEETING**

20 January 2014 at 2pm at North Tyneside.

58 **EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** – That by virtue of section 100A and paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the remainder of the meeting during the consideration of agenda items 11a, 11(b), 12 and 13 (Confidential Minutes of the Extraordinary Meeting held on 15 July 2014, Confidential Minutes of the Extraordinary Meeting held on 16 September 2014 on Loan Agreement, Improving Local Bus Services - Annex 3 - QCS Public Interest Test Report and Advertising Agreement) because exempt information was likely to be disclosed and the public interest test was satisfied.