

Leadership Board

Tuesday 5 November 2019 at 2.00pm

Meeting to be held at: Durham County Hall

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AGENDA

Page No

1. **Apologies for Absence (Members)**
2. **Declarations of Interest**

Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be handed to the Democratic Services Officer). Please also remember to leave the meeting where any personal interest requires this.

3. **Minutes of the Previous Meeting held on 3 September 2019** 1-6
For approval as a correct record
4. **Announcements from the Chair**
5. **Chair Thematic Portfolio Update** 7-14
6. **Economic Development and Digital Thematic Portfolio Update** 15-24
7. **Transport Thematic Portfolio Update** 25-30

8. Draft Budget Proposals and Timetable	31-72
9. Adjustment to Committee Membership	73-76
10. In accordance with NECA Procedure Rule Part 4.1 (11) to consider the following Notice of Motion:	77-78

Motion 1

The North East Combined Authority recognises:

- 1.1 The recent 2018 Intergovernmental Panel on Climate Change (IPCC) report states that we have just 11 years to act if global temperature rises are to be kept to 1.5 degree Celsius. Failing to meet this target would subject us to catastrophic social and ecological impacts, which worsen for every degree of warming.
- 1.2 Climate change is a global issue which affects everyone including the people across the NECA region.
- 1.3 The foresight and leadership already shown by the NECA constituent Councils when it comes to addressing the issue of Climate Change and welcomes the strong commitments and positive actions in their respective climate emergency declarations.
- 1.4 That a vast amount of work is taking place across the NECA area and the strong commitment to clean and inclusive economic growth.

In recognition of the seriousness of the global climate emergency, the North East Combined Authority resolves to:

- i. Declare a “Climate Emergency”.
- ii. Fully support all four NECA constituent authorities in working towards their ambitious carbon reduction targets.
- iii. Establishing a task and finish group to identify what additional resources and legislation would be required to support the local authorities work to reduce carbon emissions across the NECA footprint.
- iv. Receive an annual update report on progress towards emissions targets within the NECA constituent authority areas and data relating to reduction of carbon emissions across the NECA footprint.

- v. Maximise all funding opportunities to support carbon emission reductions.
- vi. Facilitate the sharing of best practice across the NECA area.
- vii. Work with NECA constituent authorities to help prioritise carbon reduction measures that will have the greatest impact while bringing in added benefits such as environmental improvements and economic growth.
- viii. Work collaboratively with the North East Local Enterprise Partnership to promote carbon reduction across the business community and within future iterations of the Strategic Economic Plan.
- ix. Ensure all future NECA Leadership Board reports comment on the impact any decision will have on the climate emergency agenda.

Proposer: Councillor I Malcolm

11. Date and Time of Next Meeting: 10 December 2019 at 2.00pm

Contact Officer: Karen Connolly Tel: 0191 4247691

Email: karen.connolly@southtyneside.gov.uk

To All Members

North East Combined Authority, Leadership Board

3 September 2019

Agenda Item 3

(2.00 - 2.30 pm)

Meeting held at Sunderland Civic Centre, Burdon Road, Sunderland, SR2 7DN

Present:

Councillors: I Malcolm (Chair), Henig, Miller, Donovan

Officers: Patrick Melia (Chief Executive, Sunderland), Sheena Ramsey (Chief Executive, Gateshead), John Hewitt (Chief Finance Officer NECA) , Stuart Reid (Corporate Director Business and Resources, South Tyneside) and Mike Barker (Monitoring Officer, NECA).

1. APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillor M Gannon, Martin Swales and Nicola Robason .

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF THE MEETING HELD ON 23 JULY 2019

The minutes of the previous meeting held on 23 July 2019 were approved as a correct record.

4. ANNOUNCEMENTS FROM THE CHAIR

There were no announcements from the Chair.

5. CHAIR THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Chair of the NECA Leadership Board (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Chair's portfolio. The core activities of NECA are driven forward by the three strategic themes, the Chair's portfolio ensures that the Combined Authority is well

positioned inter-regionally, nationally and internationally to influence policy, lever external investment and create jobs for local people.

Since the previous Board a meeting had taken place with senior officials at the Department for International Trade (DIT) who operate from the Northern Powerhouse office(NPH). This provided an opportunity to update DIT officials on the emerging priorities of NECA and the key issues emerging from the work of the three portfolio themes. Representatives from Invest North East England (INEE) were also present at the meeting and this provided an opportunity to highlight the performance of INEE and explore opportunities for strengthening collaborative working. A further meeting was being organised with Henri Murison, the Director of the Northern Powerhouse.

The proposed new arrangements for delivering the Trade Contract were highlighted. The meeting with the DIT officials was a good opportunity to raise concerns about the contract and in particular the decision that it operate at a NPH level. It was felt that this would be better operated across all twelve Local Authorities in the North East. The contract is currently delivered by the North East Chamber of Commerce at a regional level. It was further proposed that the new service would introduce a Diagnostic and Brokerage service which will be focused on high growth businesses; those with a turnover in excess of £500,000. This would disadvantage the majority of North East businesses that would be ineligible for this service.

There was also concern that the Local Authorities were not included on trading matters and that going forward they should be given some role. DIT had published its schedule of trade missions and it was agreed that officers would continue to discuss opportunities for these to be promoted to NECA businesses. An opportunity to work together to promote investment in the NECA area's strategic employment sites was also discussed. Another meeting will be held in six months.

The Chair had met with the NECA Head of Paid Service and Senior officers from the North East Local Enterprise Partnership. They discussed the North East Local Industrial Strategy and how NECA, working with government would maximise the North East's contribution to UK productivity and specifically areas where NECA can contribute to the UK's Grand Challenges and Sector Deals.

RESOLVED – That the update be noted.

6. ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Thematic Lead of Economic Development and Digital (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Economic Development and Digital Theme.

The Board had received a comprehensive INEE update at the last meeting covering inward investment success for 2018/19. During this period 1,713 jobs had been created through 52 investment projects in the NECA area. The figures for the first quarter of 2019/20 will be presented to the next meeting of the Board.

Given the uncertainty surrounding Brexit, work will continue to ensure preparation and resilience through the North East.

The government have requested that Local Enterprise Partnerships develop Local Industrial Strategies. The LIS's will inform priorities and allocations for significant funding streams including the UK Shared Prosperity Fund. The draft LIS builds on the North East's strengths and assets through five key priority themes:

- A clean growth future through energy and environmental assets;
- Transforming manufacturing: smarter, greener and global;
- Improving health at a time of demographic change
- Digitalisation and growth in the knowledge economy and
- Driving a productivity culture and improving standards of living across our region.

An update was provided on the European Structural and Investment Funds, the European Regional Development Fund, The European Social Fund and the Strength in Places Fund.

RESOLVED – That the update be noted.

7. FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Corporate Director (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activities within the Finance and Skills and Employability Theme together with the baseline position for a future 'Skills and Employment' ask for the North East Combined Authority.

Research had been undertaken by the Association of Employment and Learning Providers which found that small and medium sized businesses across the country were being prevented from offering new apprenticeships because the levy which funds the government's flagship skills programme is short of funding.

SME's had previously been the main recruiters of young people, including school leavers, 90% of the apprenticeships offered by small businesses are filled with 16-24 year olds. During 2018/19 the programme starts for 16-18 year olds had fallen by 7% and by 23% compared with the year before the levy system began.

The Department for Education Employer Skills Survey is currently being undertaken, which will gather information from May to November 2019. The data gathered will consider the skills challenges faced by employers within their existing workforces and the issues in terms of bringing in new skilled labour.

The details on how much the UK Shared Prosperity Fund UKSPF will have to distribute, and when it will be up and running is still unknown. Further clarity is being sought. It is anticipated that the UKSPF will help to prepare for potential economic challenges following any withdrawal from Europe, assist in addressing any skills shortage and possibly reduce pressures on Job Centre Plus.

RESOLVED – That the update be noted.

8. TRANSPORT THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Thematic Lead for Transport (previously circulated and copy attached to the official minutes).

Members considered the report which provided an update on activity and progress under the Transport theme of the Combined Authority.

The Department of Transport had announced two new opportunities open to Local Authorities to bid for funding.

- The Highways maintenance challenge fund allows for a bid for funding for highway maintenance projects, there is £100 million available nationally over a three year period for such projects.
- The Pinch Point Fund will provide £75 million for projects designed to help ease congestion on local roads.

The Joint Transport Committee had submitted an initial Tranche 2 bid to the Transforming Cities Fund. Initial feedback had been received and a final bid will be submitted in November 2019.

It was reported that due to the uncertainty of Brexit Nexus had not received any notification on the Revenue Grant. Nexus had approached government to request a four to five year settlement to allow them to plan ahead. Officers had lobbied very hard over a long period yet there was still no certainty on the matter.

RESOLVED –

- (i) That the update be noted and
- (ii) the Chief Executive of Gateshead write to Government expressing concern over how long a decision and clarity is taking in respect of the Revenue Grant payment.

9. ECONOMIC UPDATE

Submitted: Report of the Economic Development and Digital Thematic Lead (previously circulated and copy attached to the official minutes)

The Economic Performance of NECA is measured against:

- More and better jobs
- The employment rate
- The economic activity rate.

It was reported that NECA were performing well against all three areas. Between 2014 and March 2019 employment grew by 74,900 in the North East Local Enterprise Partnership Area and 50,800 of these net new jobs were located in the NECA area.

Out of the 74,900 jobs, 62,300 (83%) were classed as 'better jobs', the target level was set at 70%. In the NECA area the number of people classed as being in 'better jobs' was 35,800.

The Employment Rate measures the number of working age people who are in employment or self-employed. The NECA employment rate has increased by 6 percentage points, this was greater than the 3.8 percentage point increase across England.

The North East has historical low levels of economic activity brought about by industrial restructuring, the LEP set a target in 2014 to reduce the gap in economic activity rate of 50% by 2024. The data show that over the past 5 years the NECA geography has witnessed a reduction in the gap so far of just over one third. The economic activity rate gap lies at just 1.9% below the figure for England excluding London. The North of Tyne area had seen its economic activity gap grow compared with England excluding London, the gap now stands at 4.9%.

The NECA economy has achieved the following:

- Rapidly increased the number of jobs within the region, providing around two thirds of all additional jobs in the NELEP area.
- Delivered on the target of more than 70% of additional jobs being "better jobs" as defined, but not to the extent achieved in the North of Tyne area.
- Dramatically increases the proportion of residents of working age in employment, overtaking the North of Tyne area in this regard.
- As a result, narrowed the gap in economic activity, drawing more residents into the workforce.

The work undertaken by the business development teams across each Local Authority area within NECA was detailed for information. Several investment projects had been put on hold due to market conditions and Brexit concerns. The region looks forward to a period of re-establishing the rate of investment and attracting foreign investment. In the meantime officers would continue to work toward creating the right conditions to attract employers to invest with confidence.

Officers were working with Local Authorities across the larger region and the LEP to manage the consequences of Brexit. It is expected that the North East will be one of the worst affected regions of Brexit in particular a no deal Brexit, it is projected that there could be a 16% reduction in the size of the economy. Officers are working to ensure the risks are highlighted and Local Authorities are in a position to respond.

RESOLVED – That the position be noted.

10. BUDGET PROCESS AND TIMETABLE

Submitted: Report of the Chief Finance Officer (previously circulated and copy attached to the official minutes)

Details of the proposed process and timetable for the preparation, consultation and approval of the 2020/21 budget was presented together with an indicative three-year medium-term financial strategy/plan strategy for the North East Combined Authority.

RESOLVED – That:

- i. An additional JTC Overview and Scrutiny Committee meeting be arranged in November and a Leadership Board meeting be arranged for early December to fully comply with the constitutional requirements in terms of budget setting for 2020/21 and
- ii. Approval be delegated to the Chair and Head of Paid Service to agree the budget timetable after consultations with the seven Local Authorities.

11. EMERGING POLICY INTENTIONS OF CENTRAL GOVERNMENT

Submitted: Report of the Deputy Monitoring Officer (previously circulated and copy attached to the Official Minutes)

The report provided an update on the emerging policy intentions of the new Boris Johnson's government as at the date of the Agenda circulation. Given the current fast changing picture in Parliament the Board noted the information.

RESOLVED – That:

- i. The information be noted;
- ii. The fast changing position in Parliament continue to be monitored and assessed and
- iii. Officers send a letter outlining the work and ambitions of NECA to key Ministers and request that they meet with Board Members when they are in the North East to allow for discussions and visits to the region.

12. EXCLUSION OF PRESS AND PUBLIC

By virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, the press and public were excluded from the remainder of the meeting for the duration of consideration of agenda item 11 (confidential minutes) and item 12 (project approvals update report), because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

13. CONFIDENTIAL MINUTES OF THE MEETING HELD ON 23 JULY 2019

The confidential minutes of the previous meeting held on 23 July 2019 were approved as a correct record.

14. DATE AND TIME OF NEXT MEETING

Tuesday 5 November 2019 at 2pm.

Leadership Board

Agenda Item 5

Date: 5 November 2019

Subject: Chair's Thematic Portfolio Update

Report of: Chair of the North East Combined Authority

Executive Summary

This report provides an update on activities across the Chair's portfolio.

This report will give an update on:

- I. North East Development Conference 2020**
- II. Climate Emergency**

Recommendations

This report provides an update on activities across the Chair's portfolio. It is provided for information and sets out recent activity associated with managing strategic relationships and developing a programme of NECA wide interventions.

1. Background Information

- 1.1 Whilst the core activities of NECA are driven forward by the three strategic themes, the Chair's portfolio ensures that the Combined Authority is well positioned inter-regionally, nationally and internationally to influence policy, lever external investment and create jobs for local people.
- 1.2 A prominent element of the Chair's activity is therefore to establish, grow and maintain strategic relationships with those individuals, groups and organisations that can help achieve these aims.

2. Strategic Relationships

- 2.1 The Chair's update at Leadership Board in September outlined the scope and outcomes from initial discussions that had taken place with the Mayor of North of Tyne Combined Authority (NTCA). As reported in September, these discussions had been extremely positive. A meeting is in the process of being arranged for December to explore a range of discrete initiatives that can be taken forward at a seven local authority geography complementing the work already going on across the North East in relation to Transport Strategy and in support of the North East Local Enterprise Partnership.

3. North East Development Conference 2020

- 3.1 Built Environment Networking (BE) is a leading provider of networking and development insight events across the UK, delivering over 100 events per year.
- 3.2 The events are designed to connect people through networking, with business leaders and decision makers from the UK's biggest companies. Most events are designed to reveal exclusive business opportunities, with speakers sharing future development plans to showcase where focus should be in the regions.
- 3.3 NECA Leadership Board is asked to note that BE is planning to hold a North East Development Conference on Wednesday 8th January 2020 at Newcastle Civic Centre.
- 3.4 Officers have been in dialogue with BE, in order to establish a relationship between BE and NECA.

- 3.5 As such, BE are keen for NECA to have strong involvement in the programme and have asked:
- a) For Councillor Iain Malcolm, in his capacity as Chair of NECA, to be a keynote speaker. Officers have suggested this is alongside the North of Tyne Combined Authority Mayor, Mayor Driscoll, and that Helen Golightly, Chief Executive of the NELEP also be invited to be a Keynote Speaker. This is an opportunity for NECA to set out its ambitions and also demonstrates a spirit of collaboration and joint working across the North East region.
 - b) For NECA to propose other relevant speakers and panellists for the following panel discussions:
 - True Northern Powerhouse panel discussion
 - Infrastructure Development Schemes panel
 - Major Projects & Development Plans panel

4 Climate Emergency

- 4.1 Many local authorities across the UK have declared 'Climate Emergencies' in response to and in recognition of the global challenges faced by climate change. This includes all four constituent authorities within NECA.
- 4.2 Each of the four constituent authorities have committed to challenging targets to reduce carbon emissions by 2030. South Tyneside and Gateshead have committed to be carbon neutral Councils, Durham Council to reduce its carbon emissions by 60%, and Sunderland City Council to introduce a carbon emissions reduction target that is ambitious.
- 4.3 To support the reduction in carbon emissions, each local authority has committed to a series of actions including the production of climate change strategies, the publication of detailed action plans as to how they will deliver the strategy, use their advocacy roles to influence actions across all our communities and across the region that promotes carbon reduction, and to lobby Government for the necessary resources and legislation to help achieve the targets.
- 4.4 Discussions with Government officials have highlighted a large number of concurrent themes across the 200 plus local authorities that have to date declared a climate emergency. Perhaps most prevalent amongst them, is this call on government for additional powers and resources to make a meaningful impact on the collective commitment towards a zero carbon future. In this context, and in many others relevant to carbon reduction, there are significant advantages in working together.

4.5 NECA can provide that strong advocacy role with government to support all four authorities' endeavours to meet their carbon reduction targets.

5 Declaring a Climate Change Emergency

5.1 There is also a very clear inter-relationship between a drive towards a net zero carbon future and the economic, social and environmental aspirations of NECA whether that be through the approach to skills and employability by ensuring that our residents are well placed to take advantage of the new opportunities a low carbon economy will create or through our collective investment in green infrastructure. NECA also has the opportunity to present greater economies of scale when considering procurement and investment opportunities.

5.2 It is therefore proposed that the NECA Leadership Board considers the endorsement of the four authorities climate change commitments. This will be presented as a motion at this NECA Leadership Board meeting.

5.3 To underpin the declaration, NECA will also consider a number of other commitments including:

- Welcoming the respective positive motions agreed each of the NECA constituent authorities;
- To support each NECA constituent authorities in working towards their own ambitious targets;
- Establish a task and finish group to identify what additional resources and legislation will be required to support the NECA constituent work to reduce carbon emissions across the NECA region;
- Receive update reports from the NECA constituent authorities on their progress towards emissions targets;
- Share best practice across the NECA region;
- Maximise all funding opportunities to support carbon emission reductions. This could include for example any opportunities through social impact investment funds;
- Work collaboratively with the North East Local Enterprise Partnership to promote carbon reduction across the business community and within future iterations of the Strategic Economic Plan;

- Monitor carbon emissions across the NECA footprint on an annual basis; and.
- Work with NECA constituent authorities to help prioritise carbon reduction measures that will have the greatest impact whilst bringing in added benefits such as environmental improvements and economic growth.

6 Supplementary Considerations

- 6.1 Evidence of carbon reductions already achieved could be aggregated across the NECA area. This could be used to demonstrate the positive action to date in reducing carbon emissions across the NECA region and act as a baseline against which future reductions can be monitored.
- 6.2 The statement on carbon reduction should also be aligned with NECA's ambition to achieve economic growth by working together as a region. This should also emphasise our collective strengths in the digital and manufacturing sectors so that the NECA area becomes a 'carbon neutral exemplar'.

7 Recommendation 1 - North East Conference

- 7.1 NECA has the opportunity to formally support the North East conference and help shape it at nil cost. NECA Leadership Board is asked to note that we are taking a proactive role in shaping the programme and being involved on the day. BE hope for this to become an annual event, as is the case in some other regions.
- 7.2 We have suggested that BE approach the other two Combined Authorities in the North East, both North of Tyne and Tees Valley, for their formal support also and we hope to collaborate with the North of Tyne Combined Authority particularly.
- 7.3 The conference programme is still being developed with key speakers still to be confirmed.
- 7.4 NECA Leadership Board are also asked to note that NECA has also secured a free stand in the exhibition area at the Conference.

8 Recommendation 2 – Climate Emergency

8.1 Leaders are asked to consider the contents of the report as background information and will be asked to consider a draft motion later on the Agenda, to support a North East Combined Authority Climate Change Emergency declaration.

9 Proposals

9.1 The Leadership Board is invited to note and comment on the activity contained in this report.

10. Reasons for the Proposals

10.1 The activities contained in this report will ensure the NECA area remains well positioned to take advantage of opportunities for investment as they arise.

11. Alternative Options Available

11.1 There are no alternative options available.

12. Next Steps and Timetable for Implementation

12.1 The activities in this report will be taken forward working with colleagues across the NECA and wider North East area. Further up-dates will be provided to the NECA Leadership Board as appropriate.

13. Potential Impact on Objectives

13.1 The activity will best support NECA in meeting its aims and aspirations for a strong and growing north east economy.

14. Financial and Other Resources Implications

14.1 There are no direct financial implications associated with this report.

15. Legal Implications

15.1 There are no legal implications arising directly from this report.

16. Key Risks

16.1 There are no risks arising as a result of the proposals.

17. Equality and Diversity

17.1 There are no specific equality and diversity implications arising from this report.

18. Other Impact of the Proposals

18.1 The up-date will assist NECA in delivering on its objectives.

19. Appendices

19.1 None

20. Contact Officers

20.1 George Mansbridge, Corporate Director, Economic Regeneration, South Tyneside Council
E-mail: george.mansbridge@southtyneside.gov.uk Tel: 0191 424 7969

21. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

22. Glossary

- NECA - North East Combined Authority

Leadership Board

Agenda Item 6

Date: 5 November 2019

Subject: Economic Development and Digital Thematic Update

Report of: Economic Development and Digital Thematic Lead

Executive Summary

The purpose of this report is to up-date the Leadership Board on the activities within the Economic Development and Digital Theme.

The report provides an overview of activity of Invest North East England (INEE); an update on the development of the NELEP Local Industrial Strategy; and an overview of the current activity within the European Structural and Investment Fund (ESIF) programme – including European Development Fund and European Social Fund grant allocations and commitments and ongoing bids and calls.

The report also provides an update on the Strength in Places Fund and an overview of the latest position with regards to Brexit and the withdrawal agreement, and also the recently launched North East Digital Strategy.

Recommendations

Leadership Board members are requested to note and provide any comments on the update report.

1.	Invest North East England (INEE)
1.1	<p>Investment Successes and Projects</p> <p>The INEE team have recently carried out quarter 2 success meetings with each local authority area. Preliminary successes/new job numbers for this year, for the NECA area are:</p> <ul style="list-style-type: none"> • 14 FDI projects resulting in 261 new jobs • 6 UK inward investments projects resulting in 306 new jobs. <p>Key Inward Investment successes in the NECA area include:</p> <ul style="list-style-type: none"> • Ocado announced as first tenants in to The BEAM, Sunderland • Nuby announced its expansion in South Tyneside. <p>Across the wider region to date this year, there have been a combined total of 38 inward investment projects resulting in over 1153 new jobs.</p>
1.2	<p>Lead Generation Contract</p> <p>As outlined in previous updates to the Board, the sourcing of completely new leads for the North East is an important part of INEE’s activity, adding value to the NECA’s local authorities’ own activities.</p> <p>The new lead generation contract with OCO Global recently commenced and has led to several meetings with potential investors interested in the North East, building on the work of the previous contract. The lead generation activity continues to focus on digital and professional services companies in London and the South East, Northern Ireland and the Republic of Ireland in addition to UK based Advanced Manufacturing companies, with a focus on automotive, energy and food & drink. Whilst these are the primary target sectors/markets, projects outside of these broad sectors, but in line with any of INEE’s other key sectors, are being sought.</p> <p>INEE have also begun a programme of internal lead generation activity to compliment the OCO Global contract. This activity will focus on the five key sectors for the North East:</p> <ul style="list-style-type: none"> • Digital and Tech • Energy • Life Sciences • Automotive and Advanced Manufacturing • FPBS.
1.3	<p>Events</p> <p>INEE led on the North East’s presence at MIPIM UK SUMMIT in October 2019, coordinating representation from the regions local authorities and five private sector</p>

	<p>partners (Knight Frank, Hanro, Highbridge Properties, Naylor Gavin Black and Newcastle International Airport). The event highlighted the region’s key development opportunities and promoted the North East as an investment location, with highlights including a presentation to Chinese investors and a seminar on opportunities in Durham.</p> <p>Other recent events which INEE has exhibited at include Northern Exposure (a games development conference), where an Irish delegation of digital/gaming companies visited and INEE organised a wrap-around itinerary. INEE also sponsored and exhibited at the North East Automotive Alliance Expo, where they pitched to a Polish automotive delegation and highlighted the North East as a potential business location.</p>
2.	Local Industrial Strategies
2.1	The Government has requested that LISs are developed by LEPs – and in some cases Mayoral Combined Authorities – and submitted for refinement and eventual approval. Guidance published by Government in October 2018 highlighted that “Local Industrial Strategies will be long-term, based on clear evidence and aligned to the National Industrial Strategy”.
2.2	NELEP partners have been asked to develop their LIS within the second ‘wave’. Two of the first wave – Greater Manchester and the West Midlands have now produced and published their approved version.
2.3	LIS’s will inform priorities and allocations for significant funding streams including the UK Shared Prosperity Fund (UK SPF), which it is planned will replace EU funding once the UK has exited the European Union. Already, smaller funding streams that have been created are requiring that proposals are aligned with LIS’s.
2.4	LIS’s need to link strongly to the Government’s Industrial Strategy whose aim is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK.
2.5	<i>The NELEP Local Industrial Strategy</i>
2.6	The NELEP LIS is being developed in partnership and facilitated by the NELEP team. NECA has representation on both the Steering Group and the Working Group. Significant evidence pieces have been produced to feed into the LIS, most importantly a review of productivity by Steer and Cambridge Econometrics and a review of Sectors, Competencies and Assets by Technopolis.
2.7	<p>This draft LIS builds on the North East’s strengths and assets through five key priority themes:</p> <ul style="list-style-type: none"> • A clean growth future through energy and environmental assets • Transforming manufacturing: smarter, greener, global

	<ul style="list-style-type: none"> • Improving health at a time of demographic change • Digitalisation and growth in the knowledge economy • Driving a productivity culture and improving standards of living across our region.
2.8	<p>Within these themes the draft identifies how the North East will make its contribution to the programmes and priorities set out in the UK Industrial Strategy – through Sector Deals, Grand Challenges and the Foundations of Productivity. Through the LIS a range of priorities for support will be identified including through Government funding schemes, private investment, and regional and local resources, including the forthcoming UK SPF. It is being viewed as a delivery plan for the North East Strategic Economic Plan (SEP). On 19th September, NELEP Board approved the draft LIS for submission to Government. No date has yet been given for the Government’s response or final approval.</p>
2.9	<p><i>Developing NECA content for the LIS</i></p>
2.10	<p>NECA Leaders, supported by their Chief Executives have provided strategic guidance to Economic Directors and Heads of Transport in developing content for the LIS.</p>
3.	<p>European Structural and Investment Funds (ESIF)</p>
3.1	<p>The European Structural and Investment Fund (ESIF) programme continues to be delivered in the North East. The region is split into two areas: (1) More Developed (Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland); and (2) Transition (County Durham). An update on European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development is provided below.</p>
3.2	<p><i>European Regional Development Fund (ERDF)</i></p>
3.3	<p>The notional allocation for the More Developed area is £176.9m, and in the Transition Area is £86.3m; a total for the NELEP area of £263.2m. The NELEP area now has a total project pipeline of c£204m representing 77% of the total allocation. Approximately £168m of this pipeline is legally committed with a further £35m of applications under appraisal.</p>
3.4	<p>The latest calls for projects closed on 30 September 2019. MHCLG is currently appraising the outline applications submitted and it is expected that an updated position will be presented to the regional ESIF Committee at the end of November 2019. This will include an update on the pipeline of projects across the four priority axes listed below, including whether the North East LEP area is on target to commit all of its notional allocation of ERDF grant.</p> <ul style="list-style-type: none"> • Priority Axis 1 Promoting Research and Innovation

	<ul style="list-style-type: none"> • Priority Axis 3 Enhancing the Competitiveness of SMEs • Priority Axis 4 Supporting the shift towards a Low Carbon Economy in all sectors • Priority Axis 5 Promoting Climate change adaptation, risk prevention and management • Priority Axis 4 and 5 Sustainable Urban Development (Low Carbon and Climate Control).
3.5	The Government has confirmed that it will guarantee funding for ERDF projects that are contracted by the end of 2020. All contracted ERDF projects must be completed by the end of the programme period, 30 June 2023. Each application for ERDF will be required to demonstrate that it delivers good value for money and domestic strategic priorities.
3.6	MHCLG is expected to confirm the arrangements for an ERDF Reserve Fund shortly. The Reserve Funds are being set up to ensure that the UK makes best use of remaining programme funds up to 2023.
3.7	<i>European Social Fund (ESF)</i>
3.8	Across the NELEP area there is a notional allocation of £224.7m (More Developed £161.3m, Transition £63.4m). As at September 2019, c.£97m has been legally committed in the More Developed area (60%) and c.£52m in the Transition area (82%). Subject to take-up and projects progressing to the contracting stage, it should be noted that commitment levels, including the pipeline applications and live/future calls, could increase to c.97% in the More Developed area and 110% in the Transition area.
3.9	The increase in commitment levels for ESF reflects the considerable technical assistance support reported previously, particularly in relation to the Skills for Growth call which closed in August 2019, the Inclusive labour market call which closed in September 2019, and the current live Inclusive labour market call which closes on 2 December 2019. In addition, the commitment figures also reflect recent extensions to the National Lottery Community Fund (previously Building Better Opportunities programme) co-financed projects.
3.10	<p>On 16 September 2019, the DWP issued a further ESF Inclusive Labour Market project call in the NELEP area focused on the following investment priorities:</p> <ul style="list-style-type: none"> • 1.1 Access to employment for jobseekers and inactive people (£1.1m Transition region, £3m More Developed region); • 1.2 Sustainable integration of young people (£3m More Developed region); • 1.4 Active inclusion (£2.955m Transition region, £1.169m More Developed region). <p>All ESF projects must be completed by December 2023 (projects must be completed no later than 3 years and 6 months after the proposed project start date). The call closes at</p>

	<p>midnight on 2 December 2019.</p> <p>A regional event to promote this call took place on 13 September 2019 organised by the North East Technical Assistance team. Further follow-up work with prospective lead applicants and delivery partners will continue until the call deadline.</p>
3.11	<p>A further ESF call is expected to be issued in December 2019 in order to deploy the NELEP area's remaining allocation under Priority Axis 2 Skills for Growth. A regional event to promote the call is likely to be planned shortly after the call launch date.</p>
3.12	<p>It is intended that the remaining notional allocations to the NELEP area through ESF funds will be largely committed by the end of 2019. However, it is expected that any balance remaining will be recycled into a national Reserve Fund. The fund will provide a mechanism for redistributing any shortfalls in LEP area commitments, with priority to be given to call proposals which address programme under-performance against specific targets, as well as local areas which were previously not able to fully commit their notional allocation.</p>
4.	Strength in Places Fund
4.1	<p>The previous update provided information on the Strength in Places Fund (SIPF).</p>
4.2	<p>In Wave 1 twenty-three bids across the UK were invited to develop full stage bids for submission by 18 September 2019. Two of these bids are in the NECA area: North East Cluster for Healthy Ageing and Independent Living (NE-CHAIN) led by Newcastle University, and the Centre for Sustainable Advanced Manufacturing (CESAM) led by the University of Sunderland.</p>
4.3	<p>It is expected that the outcome of SIPF Wave 1 bids will be announced in spring 2020.</p> <p>Strength in Places Wave 2 was launched in May 2019 with the deadline for Expressions of Interest (EOI) on 9 October 2019. An update on Wave 2 EOIs will be provided at the next meeting. EOI awards will be announced from June/July 2020. Selected proposals will enter a bid development stage in which up to £50K seedcorn funding will be awarded to support development of full business cases over 6 months.</p>
5.	Brexit
5.1	<p>The Board will be aware that there has been much Brexit preparatory activity at local and regional levels in the lead up to the March and April Brexit deadlines. At the time of writing, as the October deadline approaches there have been a number of further developments – these are summarised below.</p>
5.2	<i>Up-date on Activities</i>

5.3	The Information Sharing Network established by the Ministry of Housing, Communities and Local Government (MHCLG) in January 2019, with nine Local Government Chief Executive leads representing each of the nine English regions, continues to be in place. Martin Swales, Chief Executive of South Tyneside Council, continues to lead for the north east in this structure.
5.4	The Department asked that weekly reporting of issues and concerns from the region be restarted in September. From 21 st October, the frequency was increased to daily reporting.
5.5	As with previous arrangements these returns are being informed by feedback from each Local Authority.
5.6	There continues to be communication between regional partners to inform intelligence, including key infrastructure bodies, business representative groups, Local Resilience Forum, Universities, Colleges and the Voluntary & Community Sector.
5.7	<i>Brexit Lead Officer roles</i>
5.8	Each Local Authority has nominated a Brexit Lead Officer; responsible for leading the development of a Brexit plan in each Local Authority. Combined Authorities have also been asked to nominate a Brexit Lead Officer.
5.9	Brexit Lead Officers report through the regional Chief Executive and are able to highlight issues and concerns through the MHCLG Regional Information Network. This will also ensure any trends or patterns across the region are identified and can be acted upon.
5.10	<i>BEIS Readiness Structure</i>
5.11	As in March and April, the NELEP is expected to be asked to report weekly on business intelligence / impact, particularly feedback coming through the North East Growth Hub. As with previous arrangements there will be sharing of intelligence and key messages across key partners and the reporting structures.
5.12	<i>National Campaign</i>
5.13	Government has developed and delivered a national campaign to raise awareness of preparatory activity required by both citizens and business.
5.14	<i>Brexit funding</i>
5.15	Central Government has allocated Brexit Funding to Local Authorities, Combined Authorities and Local Resilience Forums to support Brexit preparations and activity. The

	amounts were reported to the Leadership Board in September.
5.16	NE Brexit Group
5.17	The cross-partner North East Brexit Group continues to meet and provides a forum for sharing intelligence across sectors. This information and intelligence has informed action such as the Brexit Toolkit on the Growth Hub, as well as the Work Programme.
5.18	Chief Executives have been briefed separately on the development of the North East Brexit Group's work programme, which continues to be taken forward through the NELEP, NECA and NTCA leads.
5.19	The Brexit Group is also identifying the resources and interventions that may be required for the NELEP Area, particularly if the UK leaves the EU without a withdrawal agreement.
6.0	EDDAB Digital Remit
6.1	The NE LEP recently launched their framework for developing a digital strategy for growth. The key priorities are: data; infrastructure and connectivity; digital collaboration and enterprise; and workforce. The thematic lead for Economic Development & Digital and his team are working with the NE LEP team to identify the how the NECA can engage and be involved. Further updates will be provided as the process becomes clearer.
7.	Reasons for the Proposals
7.1	This report provides an update on Economic Development and Digital theme activities and requests views and comments from the Leadership Board.
8.	Alternative Options Available
8.1	There are no alternative options associated with this report, which is presented for information.
9.	Next Steps and Timetable for Implementation
9.1	A further update will be provided to the Leadership Board at subsequent meetings.
10.	Potential Impact on Objectives
10.1	The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

11.	Financial and Other Resources Implications
11.1	There are no direct financial or other resource implications associated with this report. The report includes an overview of the current activity within the European Structural and Investment Fund (ESIF) programme – including European Development Fund and European Social Fund grant allocations and commitments and ongoing bids and calls.
12.	Legal Implications
12.1	There are no legal implications arising from this report.
13.	Key Risks
13.1	There are no specific risk management issues arising from this report.
14.	Equality and Diversity
14.1	There are no specific equality and diversity issues arising from this report.
15.	Crime and Disorder
15.1	There are no specific crime and disorder issues arising from this report.
16.	Consultation/Engagement
16.1	There are no specific consultation and engagement issues arising from this report.
17.	Other Impact of the Proposals
17.1	There are no further impacts arising from the proposals.
18.	Appendices
18.1	None.
19.	Background Papers
19.1	None.
20.	Contact Officers
20.1	Vince Taylor, Assistant Director of Economic Policy, Sunderland City Council, vince.taylor@sunderland.gov.uk

21.	Sign off
21.1	<ul style="list-style-type: none"> • Head of Paid Service: ✓ • Monitoring Officer: ✓ • Chief Finance Officer: ✓
22.	Glossary
22.1	None.

Leadership Board

Agenda Item 7

Date: 5 November 2019

Subject: Transport Thematic Portfolio Update

Report of: Thematic Lead for Transport

Executive Summary

The report provides an update on various transport matters of relevance to the NECA area.

These include the announcement of new Government funding opportunities, together with progress on developing further the Tranche 2 bid to the Government's Transforming Cities Fund has been made, and the commencement of work on preparing a new Transport Plan for the North East.

Recommendations

It is recommended that the Leadership Board notes the contents of this report.

1. **New funding opportunities**

- 1.1 The Department for Transport (DfT) has announced two new opportunities for local authorities to bid for funding.
- 1.2 The **Highways Maintenance Challenge Fund** provides a further opportunity to bid for funding for highway maintenance projects (excluding street lighting). £100 million is available nationally for each of the years 2019/20 and 2020/21. Bids for 2019/20 and expressions of interest for 2020/21 need to be submitted by the end of October.
- 1.3 The **Pinch Point Fund**, will provide £75 million for each of the years 2021/22 and 2022/23 for projects designed to help ease congestion on local roads. Expressions of interest for the fund need to be submitted by 31 January 2020.
- 1.4 Bids for each of the above funds are to be prepared and submitted individually by local highway authorities.

2. **Transforming Cities**

- 2.1 Work continues on preparing the business case for the North East's Tranche 2 Transforming Cities Fund bid. This needs to be submitted to Government by the end of November.
- 2.2 The different scenarios being worked on range from some £430 million to £480 million investment over the period to 2023. They contain a range of proposals for improved public transport, cycling and walking networks, including Metro track dualling in South Tyneside (which will have benefits for the network as a whole), additional park and ride in Durham and at Follingsby, and improvements to Sunderland rail station.
- 2.3 A decision from Government on the bid is expected towards the end of the financial year.

3. **Transport Plan for the North East**

- 3.1 The North East Joint Transport Committee discussed on the vision and aims for the new North East Transport Plan at its briefing on 15th October. Feedback from the discussion will enable the definition of the objectives on which the Plan will be based.

4. Tyne Bridge major maintenance

4.1 The Government have awarded £100,000 development funding to the Tyne Bridge major maintenance scheme as part of its Major Road Network programme. This will enable further work to be undertaken to allow preparation of a business case for the full £40 million scheme.

5. Tyne Bridge pedestrian and cycle tunnels

5.1 After being closed for some six years the Tyne pedestrian and cycle tunnels have now reopened. Currently only the vertical lifts are working, with the inclined lifts still to be re-commissioned.

6. Northern Connect rail service

6.1 Northern Rail's proposal to run a 'Northern Connect' service connecting Middlesbrough and Newcastle has been delayed following the rejection by network Rail of the proposed route via Durham and Stillington. It is now expected the service will run via the Durham Coast line.

7. North East bus operators' association

7.1 The North East bus operators have re-launched their association as 'NEBus'. Further information can be found at the following:
www.nebus.co.uk

8. Proposals

8.1 This report is for information purposes only. Therefore, no decisions contained in this report.

9. Reasons for the Proposals

9.1 This report is for information purposes only.

10. Alternative Options Available

10.1 Not applicable to this report.

11. Next Steps and Timetable for Implementation

11.1 Timetables are set out as appropriate in relation to the individual items in the sections above.

12. Potential Impact on Objectives

- 12.1 Successful delivery of the various transport schemes and investment proposals will assist NECA in delivering its objective to maximise the area's opportunities and potential.

13. Financial and Other Resources Implications

- 13.1 The report includes information on funding and financial opportunities.
- 13.2 There are no specific additional financial implications for NECA arising from this report.
- 13.3 There are no Human Resource or ICT implications for NECA arising from this report.

14. Legal Implications

- 14.1 There are no specific legal implications arising from this report.

15. Key Risks

- 15.1 Risk of work streams not progressing in a timely manner may impact upon the region's ability to achieve its aspirations for improving transport.

16. Equality and Diversity

- 13.1 There are no specific equalities and diversity implications arising from this report.

17. Crime and Disorder

- 17.1 There are no specific crime and disorder implications arising from this report.

18. Consultation/Engagement

- 18.1 Many of the transport programmes outlined in this report have been the subject of consultation, at either a regional or national level.

19. Other Impact of the Proposals

- 19.1 No specific impacts

20. Appendices

20.1 Not applicable

21. Background Papers

21.1 Not applicable

22. Contact Officers

22.1 Sheena Ramsey

23. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

24. Glossary

24.1 None

Leadership Board

Agenda Item 8

Date: 5 November 2019
Subject: Draft Budget Proposals and Timetable
Report of: Chief Finance Officer

Executive Summary

The purpose of the report is to consider initial budget proposals and three-year forecasts in relation to NECA budgets, and to consider and agree the consultation requirements and timetable for the budget proposals.

NECA is currently the accountable body for the North East Local Enterprise Partnership (North East LEP) and this report therefore includes proposals for the budget for the North East LEP and for providing corporate support as its accountable body. When this role is transferred to the North of Tyne Combined Authority (NTCA), any contributions agreed for 2020/21 and future years will be payable to NTCA.

A summary of the estimated outturn position for the 2019/20 Corporate Budget including Accountable Body responsibility for the North East Joint Transport Committee (JTC) and the Accountable Body responsibility for the North East LEP is set out in section 1 of the report. This shows that expenditure will be approximately £4,000 below the funding available at the year end.

The level of the remaining NECA Corporate Reserve at 31 March 2020 is estimated at £345,000 prior to the refund of a share of the reserves to the NTCA authorities, the level of which is subject to further discussion with local authorities. Details will be included in a report to the next meeting.

The report sets out that the current level of contributions to the North East LEP and Invest North East England teams are £35,714.29 and £20,000 for each of the seven local authorities respectively. The proposed budgets for 2020/21 are set out on the basis contributions continue at these levels.

A high-level budget of £106,233 for NECA Corporate costs and £86,530 for JTC Accountable Body costs is proposed for 2020/21. After estimated investment income, the level of contributions from constituent authorities is proposed to be maintained at the same level as the current year which results in a net balanced budget position. This budget primarily covers employee and Service Level Agreement (SLA) charges and regular costs such as independent members' allowances, telecoms charges and meeting expenses. The budget will need to be

kept under review for any new areas of work that are identified over and above the budget that is agreed.

Recommendations

The Leadership Board is recommended to:

- i. Receive this report for consideration and comment;
- ii. Note the Budget position for 2019/20 set out in section 1.3;
- iii. Note the Budget Setting timetable set out in section 1.1 and Appendix 1;
- iv. Agree the following proposals that are set out for the basis of consultation on the NECA 2020/21 Revenue Budget:
 - a. The current £250,000 contribution towards the North East Local Enterprise Partnership (North East LEP), funded by an equal contribution of £35,714.29 from the seven councils in the North East LEP area, which is required to match fund government grant, is continued in 2020/21;
 - b. The contribution to the Invest North East England (INEE) team of £20,000 per local authority is continued subject to discussion with constituent councils and the North East LEP. The current council contributions of £140,000, an equal contribution of £20,000 from the seven councils in the North East LEP area, is proposed to be continued in 2020/21;
 - c. The contribution from the NECA constituent authorities to NECA corporate costs of £22,857 per council is continued in 2020/21;
 - d. The £70,000 contribution towards the costs of the Joint Transport Committee Accountable Body role is continued in 2020/21 through an equal contribution of £10,000 from the seven local authority members of the North East Joint Transport Committee; and
 - e. The £70,000 contribution towards the costs of the North East LEP Accountable Body role be continued in 2020/21, through an equal contribution of £10,000 from the seven local authorities in the North East LEP area.

1. Background Information

Revised Budget Process and Timetable

- 1.1 Following discussions at the last Leadership Board meeting, the budget timetable has been updated and separate timetables developed for agreement of budgets relating to the NECA Leadership Board, the Joint Transport Committee (JTC) and the North East Local Enterprise Partnership (LEP).
- 1.2 The detailed timetables for the agreement of NECA, JTC and North East LEP budgets are set out in Appendix 1.
- 1.3 The initial budget proposals and timetable for 2020/21 have been discussed with the seven local authorities will be subject to consultation with the NECA Overview and Scrutiny Committee, NECA Audit and Standards Committee and relevant officer groups including Finance Directors and Chief Executives. Where meetings are already scheduled this is set out in the timetable including meetings relating to both combined authorities. This will continue to be kept under review.

Update on 2019/20 Budget and Forecast Outturn

- 1.3 The report to the Leadership Board on 4 February 2019 set a net NECA Corporate budget for 2019/20 of £161,428. This provides NECA corporate capacity and to fulfil the JTC accountable body role, with a further £70,000 provided for the North East LEP accountable body role.
- 1.4 The table below presents a summary of expenditure to date and forecast outturn against the 2019/20 NECA corporate budget including costs associated with the roles of Accountable Body for the JTC, Accountable Body for the North East LEP and costs of SLAs which are charged to other Transport and LEP budgets. Further information about the various budget heads is provided in the sections below.

Table 1: NECA Corporate Budget Forecast outturn 2019/20

1.5

	NECA Corporate £	JTC Accountable Body £	North East LEP Accountable Body £	Total £
Expenditure				
Employees	19,759	19,759	21,588	61,106
Service Level Agreements	50,025	85,225	61,000	196,250
External Support	8,203	2,625	31,484	42,313
Independent Members Allowances	7,000	0	0	7,000
Supplies and Services	15,128	72	1,152	16,352
Other Grant Funded Activity	363,637	0	0	363,637
Total Expenditure	463,752	107,681	115,224	686,657
Income				
NECA Corporate Contributions	(91,428)	0	0	(91,428)
JTC Accountable Body Contributions	0	(70,000)	0	(70,000)
LEP Accountable Body Contributions	0	0	(70,000)	(70,000)
Government Grants	(363,637)	0	0	(363,637)
Interest Income	(10,000)	(39,515)	(46,054)	(95,569)
Total Income	(465,065)	(109,515)	(116,054)	(690,634)
In-year surplus to reserves	(1,313)	(1,834)	(830)	(3,977)

1.6 **Employees**

NECA has a small number of employees including the Managing Director, Transport North East, the Policy and Scrutiny Officer, Strategy and Democratic Services Assistant and the newly created Tyne Tunnels Contract Manager post. A proportion of the costs of these employees are charged against the NECA corporate budget, JTC Accountable Body budget and LEP Accountable Body budgets and against JTC and LEP operational budgets as appropriate. All other employees on the NECA payroll are employed on behalf of the North East LEP and the Invest North East England team and their costs charged to those budgets.

Service Level Agreements

- 1.7 Service Level Agreements are in the process of being standardised. There are no changes proposed to the charges assumed in the budget for 2019/20 and 2020/21 at this stage however SLA's will need to be reviewed to reflect any new commitments that are identified. A review will be undertaken during 2020 to inform the budget setting process for 2021/22.

External Support

- 1.8 The services of the former Interim Chief Finance Officer to NECA have been retained during 2019/20, primarily to support the North East LEP and to support the closedown of the 2018/19 accounts. The Chief Finance Officer SLA with Durham County Council has funded this support.

Members Allowances

- 1.9 Allowances are paid to independent Chairs and Vice Chairs appointed to committees of NECA and the JTC This includes the Chair and Vice-Chair of the NECA and JTC Overview and Scrutiny committees, the Chair and Vice-Chair of the NECA Audit and Standards committee and the Chair and Vice-Chair of the JTC Audit committee, as well as an allowance paid to the Independent Person under the Standards Regime. Costs associated with the JTC committees are funded from the Transport levies, and NECA committees are funded from the NECA corporate budget.

Supplies and Services

- 1.10 NECA incurs a small level of cost in relation to meeting room hire, telecoms and banking charges.

- 1.11 Professional fees costs are charged to this budget including a proportion of the external audit fee from Mazars and other professional fees for work around the closure of accounts including Aon Hewitt (Pensions) and Arlingclose (Financial Instruments).
- 1.12 Costs which were not included in the original budget for 2019/20 which have been incurred for in year include expenditure on the NECA website (approximately £4,000) and initial support to develop a pipeline of priority projects (approximately £3,700).

Other Grant-Funded Activity

- 1.13 At the end of the 2018/19 financial year, NECA received £90,909 from the Ministry of Housing, Communities and Local Government (MHCLG) to support veterans who are, or who are at risk of becoming, homeless and sleeping rough. In April 2019 the Leadership Board agreed a proposal to allocate the grant to the four NECA councils on a population basis and set out the proposed use of the funding by each authority. Payments have been made to the NECA councils to deliver the agreed interventions, and staff from Durham County Council are co-ordinating ongoing returns and reporting to MHCLG on behalf of NECA.
- 1.14 As reported to the Leadership Board in July, NECA received £181,818 from MHCLG to help 'support its preparations for Brexit'. A further £90,909 grant has now been received, giving a total of £272,727. Updates on this funding will be provided to future Leadership Board meetings.

Local Authority Contributions

- 1.15 As noted in the report to the NECA Leadership Board on 23 July 2019, contributions from the four NECA constituent authorities total £22,857 per local authority to fund the NECA corporate budget. In addition, all seven local authorities in the Joint Transport Committee area contribute £10,000 to meet the costs of the JTC Accountable Body role, £10,000 to meet the costs of the North East LEP Accountable Body role, £35,714 per local authority paid to the North East LEP for the contribution to its core budget required to match fund government grant and £20,000 to support the work of the Invest North East England team.

It was noted that from the date that the Accountable Body role for the North East LEP transfers to the North of Tyne Combined Authority (NTCA) these contributions will be paid to NTCA.

Interest Receipts

- 1.16 NECA receives investment income on funds it holds on behalf of the North East LEP and the JTC which are allocated to different areas of activity with a proportion retained to help fund the corporate costs of NECA. The total included in the NECA corporate budget including the JTC accountable body role and the North East LEP accountable body role was £45,000 for 2019/20. The estimated level of income which will be apportioned to these budgets is £96,000 in total which is in excess of the original budget.

NECA Corporate Reserve

- 1.17 The NECA corporate reserve was created in 2014 on the establishment of the Combined Authority by equal shares contributions of £50,000 per constituent authority. This reserve has fluctuated over the years to cover corporate costs and agreed areas of expenditure. It was reported in the NECA budget report for 2019/20 that the costs of devolution would be met by the North of Tyne authorities (under the Deed of Co-operation dated 4 July 2018) and these would be met by way of a deduction from their share of the NECA Corporate Reserve which was to be reimbursed following the completion of the 2018/19 closedown and audit.

In addition, costs have been incurred by NECA since 31 March 2019 which relate to the closedown of the 2018/19 accounts. As set out to the NECA Leadership Board in November 2018, would these costs will be funded by all seven local authorities as they relate to the financial year during in they were constituent authorities of NECA.

Details of these costs are being finalised and will be discussed in more detail with local authorities and reported for agreement at a future meeting.

- 1.18 As part of setting the budget for 2020/21, the Chief Finance Officer will consider the level of the reserve and whether this is appropriate to manage financial risks associated with the NECA budget, noting that separate reserves are held on behalf of the Joint Transport Committee and the North East LEP relating to these areas of the budget.

2. 2020/21 and Future Years

North East LEP Capacity

- 2.1 When the Accountable Body for the North East LEP transfers to the North of Tyne Combined Authority (NTCA), any contributions agreed will be payable to NTCA.

- 2.2 The North East LEP core team is part funded from a Government contribution of £500,000 which is required to be matched by £250,000 local authority contributions. Part of the North East LEP costs of managing the Local Growth Fund (LGF) programme are funded by a top slice from the LGF grant for this purpose, with other activities being funded by additional external grants.
- 2.3 The North East LEP budget for 2020/21 – 2022/23 is being prepared to take into account the latest estimates of this and other external grant funding which supports North East LEP activity, which is not likely to be confirmed until nearer the end of the financial year. Appendix 2 sets out the summary of the 2019/20 and future years LEP budgets as agreed by the LEP Board in May 2019.
- 2.4 It is proposed that the initial budget is based on the current match funding contribution of £250,000 being continued in 2020/21 by the seven North East local authorities each contributing £35,714.29.

Invest North East England

- 2.5 The Invest North East England (INEE) team works on behalf of the seven local authorities in the North East LEP area to coordinate inward investment activity. The team has a gross budget in 2019/20 of £460,000, funded in part from a contribution of £20,000 from each local authority in the North East LEP area. It is proposed that at this stage the initial budget is based on this contribution being maintained at the same level for 2020/21 to enable the budget for 2020/21 whilst further discussions take place with individual local authorities.
- 2.6 It is anticipated that when the INEE team transfers to the NTCA any contributions agreed will be payable to NTCA.

NECA Corporate Costs

- 2.7 The NECA budget for Corporate costs is required to support corporate operational costs for employees, SLAs and Supplies and Services - including those relating to the Head of Paid Service, Monitoring Officer and legal costs, Chief Finance Officer and finance and accounting costs, support for the Scrutiny and Policy functions of NECA and administration and co-ordination.
- 2.8 The budget for 2020/21 has been prepared based on known employee and SLA charges. Any additional work or projects that are considered in addition to the budget will need to be considered in terms of the resources that are available.
- 2.9 The table below summarises the proposed budget and funding for 2020/21.

	NECA	JTC	Total
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	Corporate	Accountable Body	
Expenditure			
Employees	47,898	11,095	58,994
Service Level Agreements	45,435	75,435	120,870
Independent Members Allowances	7,000	0	7,000
Supplies and Services	5,900	0	5,900
Total Expenditure	106,233	86,530	192,764
Income			
NECA Corporate Contributions	(91,428)	0	(91,428)
JTC Accountable Body Contributions	0	(70,000)	(70,000)
Interest Income	(15,000)	(15,000)	(30,000)
Total Income	(106,428)	(85,000)	(191,428)
Net (to)/from Corporate Reserve	(195)	1,530	1,336

- 2.10 These budgets mainly relate to staffing costs and Service Level Agreements (the costs of which are largely driven by employee costs) and there is an assumed uplift of 2.5% included for 2021/22 and 2022/23, with a corresponding increase in the contributions required from constituent authorities in 2021/22 and 2022/23. Any proposals for these financial years will be subject to more detailed consultation as part of the budget setting process in future years. A summary of the high-level budget for the period 2020/21-2022/23 is set out in Appendix 4.

Transport Budgets

- 2.11 Draft high-level proposals for the Transport budget were presented to the Joint Transport Committee on 23 October. This includes the Tyne and Wear Levy and revenue grant to Nexus, the Transport Strategy Unit and the Tyne Tunnels.
- 2.12 A copy of the report to the JTC meeting on 23 October 2019 setting out draft proposals is attached as Appendix 3. The JTC agreed that further options should be modelled in relation to the Tyne and Wear transport levy and considered as part of the budget consultation over the coming months.

Reserves and Contingencies

- 2.13 The Corporate reserve of NECA was originally set at £350,000 which was created by a contribution of £50,000 from each local authority on the

establishment of NECA in 2014. This is forecast to be approximately £345,000 at 31 March 2020, prior to the redistribution of the Corporate reserve back to NTCA authorities as set out in section 1.17. Based on current plans of activity this is considered a prudent level of reserves to hold to mitigate against unforeseen financial risks which may arise specifically in relation to this area of the budget. This will be kept under review and a firm recommendation included in the final budget report to the NECA Leadership Board in February 2020.

- 2.14 It should be noted that separate reserves are held for Transport activity (including Nexus and the Tyne Tunnels) and North East LEP activity, and decisions on these reserves will be taken by the Joint Transport Committee and the North East LEP Board respectively.

3. Reasons for the Proposals

- 3.1 NECA is required to consult on its budget proposals two months before it sets the budget in February 2020.

4. Alternative Options Available

- 4.1 Option 1: agree the proposals as set out in the report.
Option 2: suggest amendments or alternative proposals to be considered as part of the budget consultation process.
Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

- 5.1 The budget timetable is set out in Appendix 1.

6. Potential Impact on Objectives

- 6.1 The budget and medium-term financial strategy will be prepared to reflect the objectives of the Authority. Future reports will set out the revenue and capital budget proposals in detail that will help deliver the objectives of the Authority.

7. Financial and Other Resources Implications

- 7.1 Financial and other resource implications are summarised in this report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in the budget report to the next Leadership Board.

8. Legal Implications

- 8.1 The budget must be approved unanimously in accordance with the requirements of the NECA Order and the NECA Constitution.

9. Key Risks

- 9.1 The budget timetable has been developed to manage the risk that the budget is not agreed unanimously by the requisite deadline through early discussion with all constituent authorities. The budget proposals will include an assessment of the risk facing the NECA budget, which will be used to inform the level of reserves which is determined to be prudent.

10. Equality and Diversity

- 10.1 There are no equality and diversity implications arising from this report.

11. Crime and Disorder

- 11.1 There are no crime and disorder implications arising from this report.

12. Consultation/Engagement

- 12.1 The report sets out consultation and engagement which will take place as part of the budget-setting process.

13. Other Impact of the Proposals

- 13.1 There are no other impacts arising from these proposals.

14. Appendices

- 14.1 Appendix 1 – Budget Timetable
Appendix 2 – North East LEP budgets 2019/20 – 2021/22
Appendix 3 – Report to North East Joint Transport Committee 23 October 2019 – Budget Proposals
Appendix 4 – NECA Corporate and JTC Accountable Body Budget Proposals 2020/21-2022/23

15. Background Papers

- 15.1 Report to Leadership Board 5 February 2019 – Budget 2019/20
<https://northeastca.gov.uk/wp-content/uploads/2019/01/Leadership-Board-5->

[February-2019-Agenda-Pack.pdf](#)

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
Eleanor.goodman@northeastca.gov.uk, 0191 277 7518

17. Sign Off

- 17.1
- Head of Paid Service: ✓
 - Monitoring Officer: ✓
 - Chief Finance Officer: ✓

Appendix 1 – Budget Timetable 2020/21

BUDGET TIMETABLE 2020/21 – NECA

Date	Meeting/Event	Action
5 November 2019	NECA Leadership Board	Initial budget proposals and 3 year forecasts in relation to NECA budgets. Consultation requirements to be considered / agreed
TBC – Meeting to be arranged w/c 9 December 2019	NECA Leadership Board	Consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee
10 December 2019	NECA Audit & Standards Committee	Consider NECA budget proposals as part of consultation process
19 December 2019	NECA Overview and Scrutiny Committee	Consider NECA budget proposals as part of consultation process
4 February 2020	NECA Leadership Board	Leadership Board consider outcome of consultation on NECA budget proposals Leadership Board formally issue levy agreed by Joint Transport Committee in January. Formal agreement of non-Transport budgets and contributions.
15 February 2020	Levy letters issued to constituent authorities	Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations

BUDGET TIMETABLE 2020/21 – Joint Transport Committee

Date	Meeting/Event	Action
14 August 2019	Tyne and Wear Sub-Committee (Briefing)	Consider 3 year forward forecasts of budget pressures and issues in relation to Nexus
17 September 2019	North East Joint Transport Committee (Briefing)	Consider 3 year forward forecasts of budget pressures and issues in relation to Nexus
23 October 2019	North East Joint Transport Committee	Initial budget proposals and 3 year forecasts in relation to JTC/Transport budgets. Consultation requirements to be considered / agreed
7 November 2019	Joint Transport Committee Overview and Scrutiny Committee	Examine initial budget and consultation proposals and make any recommendations to the JTC
19 November 2019	North East Joint Transport Committee	Consider updated draft Transport budget proposals and any feedback from JTC Overview & Scrutiny Committee
21 November 2019	Tyne and Wear Sub-Committee	Consider report on the draft budget proposals with specific reference to Tyne and Wear Transport activity
26 November 2019	NTCA Cabinet Meeting	Consider draft Transport budget proposals developed by JTC and implications regarding Transport Levy for constituent authorities as part of the budget consultation process
TBC – Meeting to be arranged w/c 9 December 2019	NECA Leadership Board	Consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee
12 December 2019	Joint Transport Committee Audit Committee	Consider budget proposals as part of consultation process
19 December	JTC Overview and	Consider (updated) budget proposals as part

Date	Meeting/Event	Action
2019	Scrutiny Committee	of consultation process (if necessary)
21 January 2020	North East Joint Transport Committee	Approve Transport Revenue Budget and Transport Levies
28 January 2020	NTCA Cabinet Meeting	Formally agree to issue the Transport Levy to constituent NTCA authorities
4 February 2020	NECA Leadership Board	Leadership Board formally issue levy agreed by Joint Transport Committee in January. Formal agreement of non-Transport budgets and contributions.
15 February 2020	Levy letters issued to constituent authorities	Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations

BUDGET TIMETABLE 2020/21 – LEP

Date	Meeting/Event	Action
5 November 2019	NECA Leadership Board	Initial budget proposals and 3 year forecasts in relation to LEP budgets (Update of 3 year position as agreed by LEP Board May 2019). Including proposed Local Authority Contributions to LEP Core Team (£250k) and Invest North East England Team (£140k)
10 December 2019	NECA Audit & Standards Committee	Consider LEP budget proposals as part of consultation process
19 December 2019	NECA Overview and Scrutiny Committee	Consider LEP budget proposals as part of consultation process
30 January 2020	LEP Board	Agree 2020/21 LEP Budget
4 February 2020	NECA Leadership Board	Include 2020/21 LEP Budget as agreed by LEP Board in NECA report in role as Accountable Body to 31 March 2020. Agree Local Authority contributions to LEP Budget and Invest North East England Budget.
March/May 2020	LEP Board	3 year Budget including confirmation of external government funding sources

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Appendix 2 – North East Local Enterprise Partnership (LEP) Revenue Budget 2019/20 to 2021/22 – extract from report to North East LEP Board 23 May 2019

- 1.1 The budget position for 2019/20 was reported to the North East Combined Authority as the accountable body for the North East LEP on 5th February 2019, and the North East LEP Board on 31st January, 2019.
- The proposed budget was approved by both Boards with no issues identified. This report includes latest information about the 2019/20 budget including the impact of the outturn for 2018/19.
- 1.2 Table 1 provides a summary of the three-year revenue budget for the North East LEP showing financial years 2019/20, 2020/21 and 2021/22. The explanatory notes from sections 7 to 8 provide further information.
- 1.3 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 £36k in 2019/20; £400k in 2020/21 and £552k in 2021/22. This deficit is funded from the LEP reserve in 2019/20 and supplemented from the assumed surplus on the Enterprise Zone account in 2020/21 (contribution of £400k) and 2021/22 (contribution of £500k) as previously agreed by the Board. This enables the potential risk of not securing additional income to be managed.
- 1.4 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income surplus of up to £500k 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 £2m of potential spend from the EZ account. It is anticipated that £400k will be required in 2020/21 and a further £500k in 2021/22 to achieve a LEP Reserve balance of £497k at 31st March 2022.
- 1.5 There are active funding bids which if successful will provide additional income and reduce the potential drawdown against the EZ account in both years. Furthermore, an announcement is expected shortly in respect of the UK Shared Prosperity Fund and there is the potential to secure continuation of funding for skills and other operational activity from 2021/22 onwards. Until this funding is confirmed, only a core budget is illustrated for 2021/22.
- 1.6 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

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Enterprise Zone contingency contribution.

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Table 1: Three Year North East LEP Budget 2019/20 – 2021/22

	2019/20 Budget (Jan 19)	2019/20 Budget (Adjusted May 2019)	2020/21 Base Budget	2021/22 Base Budget
	£000	£000	£000	£000
Employees	2,403	2,508	2,085	934
Premises	190	190	190	190
Communications	247	247	252	257
Transport LGF Monitoring	100	100	50	0
Growth Hub Operational Costs	138	117	297	294
Invite (Horizon 2020) Operational Costs	66	66	39	0
LIS (Local Industrial Strategy)	0	24	0	0
Other Operational Costs	614	614	614	614
North East Ambition Operational Costs	206	100	109	0
Inward Investment Contribution	140	140	140	50
Other LGF Costs – Legal Finance	50	50	50	0
GROSS EXPENDITURE	4,155	4,157	3,827	2,339
LEP Core & Strategy grant from DCLG	(500)	(500)	(500)	(500)
Local Authority Match Contributions	(250)	(250)	(250)	(250)
BEIS – LIS production and LEP review	0	(224)	0	0
CORE FUNDING	(750)	(974)	(750)	(750)
Local Growth Fund (programme mgmt. costs)	(1,100)	(950)	(850)	(518)
Interest Generated on Funds to fund INEE	(50)	(140)	(100)	(50)
Growth Hub	(410)	(410)	(410)	(410)
Enterprise Adviser grant – CEC	(173)	(190)	(71)	0
Energy Strategy BEIS TVCA	(57)	(79)	(15)	0
Invite (Horizon 20/20)	(102)	(102)	(54)	0
ERDF + Digital Catapult + AHSN	(63)	(103)	(60)	0
NEIF Contribution to cover activity costs	(66)	(66)	(58)	(59)
EZ Contribution to cover activity costs	(52)	(52)	(54)	0
NECOP	(106)	(136)	0	0
European Social Fund	(579)	(464)	(551)	0
LGF match North East Ambition ESF project	(280)	(314)	(419)	0
EY	0	(75)	0	0
DfE	0	(40)	(35)	0
LA Contributions re ESIF Co-ordinator	(20)	(20)	0	0
Other Income	(6)	(6)	0	0
EXTERNAL FUNDING	(3,063)	(3,147)	(2,677)	(1,037)
GROSS INCOME	(3,813)	(4,121)	(3,427)	(1,787)
NET BUDGET	342	36	400	552
BROUGHT FORWARD BALANCE	(574)	(585)	(549)	(549)
Use or (Contribution) LEP Reserves	342	36	400	552

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EZ Contribution	0	0	(400)	(500)
CARRY FORWARD BALANCE	(232)	(549)	(549)	(497)

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2 Adjustments to 2019/20 Original Budget

- 2.1 The overall budget for 2019/20 presented to the board indicated a £4.155m gross expenditure budget, funded by a range of Government grant income sources; a £250,000 core contribution from the seven local authorities; and interest on revenue balances.
- 2.2 The latest 2019/20 Budget position is showing £4.157m of gross expenditure which although broadly in line with the previous estimate contains some offsetting adjustments.
- 2.3 Employee costs have risen from £2.403m to £2.508m. £50k of the £105k increase is attributable to applying superannuation costs to any newly created roles where positions are filled from the 1st April 2019. Which is a prudent measure until confirmation is received that this is unnecessary. The remaining £55k can largely be attributed to re-phasing employee spend within the Skills team, which is funded by a range of grant schemes, including the European Social Fund (ESF), LGF North East Ambition match contribution and NECOP.
- 2.4 £176k expenditure was incurred in 2018/19 relating to the £200k BEIS funding outlined for activities in developing the Local Industrial Strategy (LIS) and implementing the LEP Review. £24k has been rolled forward to 2019/20 to fund activities that commenced but did not complete in 2018/19.
- 2.5 There has been a reduction in North East Ambition Operational costs from £206k to £100k, which is a decrease of £106k. This is largely a response to the delay in receiving official confirmation that the ESF funds are secured.
- 2.6 The balance of £21k, is associated with a reduction in Growth Hub operational costs.
- 2.7 Gross Income has increased to £4.121m from £3.813m. Additional funds have been secured from EY to provide a £75k contribution towards the skills team, and a further £40k from DfE towards analyst activity. AHSN have also agreed to fund the Life Sciences role at approximately £40k. Revised estimates for interest earnings indicate a £90k increase in earnings for 2019/20. Furthermore, although official confirmation is still awaited, it is the expectation that £200k of additional BEIS funding will be provided plus the £24k carry forward. There has been re-phasing of LGF funds in order to provide income in 2021/22 and this has resulted in a £150k reduction in 2019/20. The balance of £11k is a result of small net decreases across a range of grant funding sources available to the Skills team.

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- 2.8 While the latest Budget projection for 2019/20 shows a small use of reserves, the intention will be to manage costs and income to try to avoid using reserves at the year end.

3 Budget illustrations in Future Years

- 3.1 Indicative budget figures are also shown for 2020/21 and 2021/22. Inflation of 2% has been built into the estimate of employee costs and where appropriate other expenditure estimates.

3.2 Employees

The Employee expenditure budget shows a slight reduction in 2020/21 and a significant drop in 2021/22 due to the potential for a number of fixed term posts coming to an end in conjunction with the related income sources. If additional funding is secured, there is the potential for continued activity and higher employee costs are likely. However, until funding is confirmed only a core staffing budget is illustrated out of prudence.

A 2% annual national pay award assumption has been factored into the employee budget for all three financial years, and the national pay award will be implemented which it is agreed each year.

The NECA pension fund enables the 0% employer superannuation contribution rate to continue throughout this period. When compared to the previous superannuation contribution rate of 20.5%, this provides a significant budget saving of over £300k in 2019/20, over £200k for 2020/21 and over £100k is projected for 2021/22.

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.

3.3 Premises

The LEP is negotiating a 5-year lease with a 3-year break clause to accommodate a larger office area within the building to support the team. Although the accommodation costs are fixed until the break in 2022 a provision to recover these costs is built into the funding that would be secured for additional activity of people using the accommodation space.

3.4 Communications

The proposed Communications budget for 2019/20 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2017 adjusted for inflation. Key aspects of the budget include development of the

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communications activity related to delivering the SEP and the LIS, plus the continuation of essential PR & Media support

3.5 Transport LGF Monitoring and Evaluation

The reduced budget allocation of £100k in 2019/20 and £50k for 2020/21 reflects that the majority of the LGF transport schemes have progressed through appraisal.

3.6 Growth Hub Operational Costs

The continuation of £410k Growth Hub funding in 2020/21 and 2021/22 has been indicated by central government although official confirmation is awaited. The Growth Hub connectors which are funded through this source currently have Fixed Term Contracts which expire in March 2020. Once confirmation is received it is likely to result in extension of these contracts and this cost will result in a commensurate reduction in the operational costs reflected in the current budget estimate for 2020/21 and 2021/22 and overall would be cost neutral.

3.7 Invite (Horizon 2020) Operational Costs

The Invite budget relates to a three-year Horizon 2020 project ending in 2020/21.

3.8 Other Operating Costs

An on-going corporate delivery budget of £330,000 is required for general LEP running costs for example IT equipment, travel expenses and support services. In addition, the North East LEP led SEP strands including Innovation, Business Growth and Skills have an operational allocation to ensure delivery and that the necessary progress can be obtained. Allocations for LGF finance and legal support provided by the accountable body, Investment Fund (NEIF) support and Enterprise Advisor delivery are also included.

The total budget for 2019/20 to 2021/22 is broken down over the noted areas as follows;

Delivery Area	Budget (£000)
Corporate/ General	330
Innovation	110
Strategic Policy & Economic Analysis	80
Business Support/Access to Finance	24
Skills	20
LGF Legal and Finance Support	50
Operating Costs TOTAL	614

Although this budget figures has been continued over the whole of the three-

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year period, it will be kept under review each year and elements could change from one year to another. There is flexibility within the budget and it could be reduced in 2021/22 if this was necessary.

3.9 Inward Investment Contribution

The agreed allocation of £140k per annum is included in the budget for 2019/20 and 2020/21. There is a proposed reduction to £50k in 2021/22 to coincide with the overall reduction in income and this could be increased to its previous level if additional funding is secured and match funding continues to be provided by the local authorities, which has been only agreed for 2019/20 at this time.

3.10 LGF External Consultancy

A £50k per annum Legal and Finance allocation has been retained for 2020/21 to commission external consultancy where specialist support and advice is required, particularly for project appraisals.

3.11 Income

3.12 LEP Core Funding & Strategy Grant

Funding of £500k 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 £250,000 was agreed at the NECA Leadership Board meeting held on 5th February 2019 and the NTCA Cabinet meeting on 5th February 2019, this will be provided in equal 1/7th shares by the 7 Local Authorities that are members of the North East LEP for 2019/20. It is considered on an annual basis.

3.13 BEIS LIS Review

As outlined in section 2.7, BEIS have indicated that a further £200k of LEP review/support funding will be made available in 2019/20; although this is subject to formal confirmation. BEIS have also informally suggested that the overall LEP capacity allocation is being positively reviewed.

3.14 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 2020/21, by using funding SWAPs, funds will be available in 2021/22 to support the 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

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follows;

	2019/20	2020/21	2021/22
	£000	£000	£000
LGF Programme Management	950	850	518

3.15 Local Growth Fund Interest

As the annual LGF grant allocation is paid by government in full at the beginning of the financial year, the cash balances held are able to attract sizeable interest sums. 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 grant receipts in future years. 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.

3.16 Growth Hub Grant

The continuation of the Growth Hub grant funding has been confirmed for 2019/20 at £410k. It is expected to continue at least the same level for the ensuing two years although we await confirmation and exact details.

3.17 Careers Enterprise Company (CEC)

An allocation of £295k CEC funding was secured and made available until August 2020 and alongside ESF funding enables the Enterprise Advisor roles to continue and the creation of Enterprise Co-ordinators positions plus a Careers Hub Facilitator on a FTC basis. The figures included in the budget represent the expected grant drawdown in each of the respective years.

3.18 Energy Strategy Grants

Approximately £100k of available grant funding remains at the beginning of 2019/20 and the expected drawdown to mainly cover the costs of the Energy Programme lead is reflected and is budgeted to cease by the end of June 2021, unless alternative budget is secured.

3.19 Invite (Horizon 2020)

An allocation of 271k euros which equates to approximately £242k was made available until March 2021, with activity beginning in 2017/18. The expected drawdown for the next two financial years is reflected in the budget.

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3.20 ERDF, Digital Catapult and AHSN

Approximately £70k of ERDF and Digital Capital funds remain at the beginning of 2019/20 after taking into account the drawdown in 2018/19 and used to fund the Digital Lead budgeted to continue until the end of March 2020. AHSN have agreed to provide funding for a Life Sciences specialist until the end of March 2021.

3.21 NEIF / EZ contributions

Relates to support in these areas to cover the cost of the two dedicated programme managers.

3.22 European Social Fund and LGF North East Ambition match funding

The LEP was successful in securing ESF grant totalling £1,059k (which has subsequently been revised to £1,040k), and is available until March 2021. The budgeted drawdown for 2019/20 and 2020/21 is reflected within the budget. As part of this bid a supplementary match contribution of £750k towards the North-East Ambition project from the LGF was made over the same period, which is in addition to the existing LGF programme management contribution.

3.23 EY and DfE

EY have agreed to contribute £75k towards the North East LEPs skills programme. In addition, the DfE are providing funding towards the North East LEPs analyst activity over the next two years.

3.24 Other Income

Local Authorities are also billed for 1/8th contribution towards an ESF Co-ordination role.

North East Joint Transport Committee

Date: 23 October 2019
Subject: Budget Proposals 2020/21
Report of: Chief Finance Officer

Executive Summary

This report provides a summary of the proposed draft Transport budget and levies for 2020/21 and provides an update on the position in the current year. The report also includes indicative summary budget information for 2021/22 and 2022/23.

In terms of the current year, the transport levies and grants to Durham, Northumberland and Nexus are fixed for the year, so the outturn will be in line with the original budget allocations.

The budget strategy outlined in this report is based on an assumption of a levy for 2020/21 for Tyne and Wear in line with the current year, representing a cash freeze. On this basis, the proposed levy for 2020/21 would be £61.1m. Nexus is anticipating significant budget pressures over the medium term and will need to factor a levy freeze into its planning assumptions for 2020/21 and over the medium term.

Durham and Northumberland are currently developing their transport budget proposals for 2020/21 and future years, which will be reported to the next meeting and which will determine the total for their levies.

It is proposed to continue the contribution of £10,000 per authority which is retained from the Durham and Northumberland levies and which funds the work of the Joint Transport Committee, including contributions to the post of the Managing Director, Transport North East and the Transport Strategy Unit. The contribution from the Tyne and Wear levy to fund central activity will be £2.1m (in line with current allocations), which is mainly used to meet costs relating to the operation of the former Tyne and Wear Integrated Transport Authority.

It is proposed that funding for the Transport Strategy Unit from the Local Transport Plan Integrated Transport Block grant is maintained at the current level of £500,000 (£62,500 per council and Nexus).

The forecast position for 2019/20 for the Tyne Tunnels revenue account is for a breakeven position after making additional provision for the repayment of debt and the costs of the new Tyne Tunnel Manager. The estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager position and also indicate a breakeven position next year. Provision

has been made for one off costs of the Tyne Pass Project in the current and next year. The draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index will trigger an increase in the toll for Class 3 vehicles (HGVs) next year.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Receive this report for consideration and comment;
- ii. Note the projected outturn position for the 2019/20 Transport budget, as set out in the report;
- iii. Consider the following budget assumptions / proposals and agree to these forming the basis of consultation on the 2020/21 Transport Budget:
 - a. That the 2020/21 Transport Levy for Tyne and Wear is indicatively to be set at £61.1m, which represents a cash freeze compared with the current year;
 - b. That the revenue grant to Nexus for 2020/21 is indicatively proposed to be set at £59.0m, which is a cash freeze compared with the current year total;
 - c. That contributions of £500,000 to the Transport Strategy Unit are top sliced from Local Transport Plan Integrated Transport Block grant received by the JTC in 2020/21;
 - d. That the Tyne Tunnels Tolls are proposed to be increased to keep pace with inflation and the increase in the shadow toll payable to the concessionaire TT2 Ltd., in line with the concession contract and the agreed approach to the funding of the Tyne Tunnels. (Note: The decision to increase the Tyne Tunnel Tolls will be taken by the Tyne and Wear Sub Committee in January 2020)
- iv. Note the indicative budget forecasts for 2021/22 and 2022/23, as set out in the report;
- v. Note that the budget proposals for Transport will be subject to a consultation process including reports to the Joint Transport Committee Overview and Scrutiny Committee, Joint Transport Committee Audit Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet;
- vi. Note the intention to consider the Transport Budget in more detail at the next meeting on 19 November 2019, and to approve the budget and agree the Transport Levies at the meeting of the JTC on 21 January 2020, after considering any comments received on the proposals and decisions reached by the Tyne and Wear Sub Committee in January 2020.

1. Background Information

- 1.1 The North East Joint Transport Committee receives funding from a variety of sources including the levies on Durham, Northumberland and Tyne and Wear councils, Tyne Tunnels tolls income, grant funding and interest income. This funding is used to deliver the transport objectives of the Committee through the provision of revenue grants to Durham and Northumberland councils and Nexus for the delivery of public transport services, the funding of the Tyne Tunnels and the provision of the Transport Strategy Unit which works on behalf of the Joint Transport Committee to provide it with relevant information and policy choices and deliver its policies at a regional level.
- 1.2 In line with the Transport Levying Bodies Regulations 1992, the transport levies must be issued by 15 February preceding the commencement of the financial year in respect of which they are to be issued.
- 1.3 This report summarises the process and timetable for approval of the levies and other budgets relating to the Joint Transport Committee and sets out initial proposals for these budgets. The proposals will be further developed and consulted upon in the coming months, and reports will be presented to the committee at its meetings on 19 November 2019 and 21 January 2020. The report includes indicative budget forecasts for 2021/22 and 2022/23.
- 1.4 Appendix 1 shows the timetable for the agreement of the Joint Transport Committee budget for 2020/21. The timetable is in line with the requirements of the constitution agreed by the North East Combined Authority, who are the accountable body for transport matters.

2. Proposals

Transport Levies

- 2.1 As the transport levies and revenue grants are normally fixed for the year there is no change in the levies payable and grants payable between the original budget and the forecast outturn, and minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies (Durham County Council, Northumberland County Council and Nexus) is retained or managed within the reserves of that organisation.
- 2.2 A proportion of the levies is retained to support the work of the JTC and meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA). This budget is expected to underspend slightly due to lower interest charges than originally budgeted on historic Tyne and Wear Transport debt and the forecast underspend will be transferred to the JTC retained reserves at year end.

Table 1: 2019/20 Transport Levies and Grants

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance
	£000	£000	£000
Total Transport Levies	(82,766)	(82,766)	0
Grant to Durham	15,552	15,552	0
Grant to Northumberland	6,094	6,094	0
Grant to Nexus	55,667	55,667	0
Contribution to Metro Fleet Replacement reserve	3,333	3,333	0
Retained Transport Levy budget	2,120	2,091	(29)
Net	-	(29)	(29)
Contribution to/ (from) JTC unearmarked reserves	-	29	29

Tyne and Wear Levy

- 2.3 The 2020/21 levy for Tyne and Wear is assumed to be a cash freeze for 2020/21 and totals £61.1m. The grant from the levy for Nexus has been reduced by £15.2m (20%) over the last 10 years as local authorities have managed extremely challenging central government funding settlements. Nexus are expecting some significant financial pressures over the medium term. The impact of retaining the levy for Tyne and Wear authorities at the current level will be carefully considered by Nexus and future budget reports will set out the likely impact on the Nexus medium term financial plan as cost pressures and details of available income are further refined.
- 2.4 The distribution of the levy within Tyne and Wear is based on population, in accordance with the Transport Levying Bodies Regulations 1992. The amounts levied on each individual authority need to be adjusted to reflect the mid-year population estimate for 2018. Increases in the share of the population for Newcastle and North Tyneside mean that the share of the levy for these authorities will increase in 2020/21, while there will be compensating small decreases for Gateshead, South Tyneside and Sunderland in 2020/21. Based on a levy freeze, the proposed levy for each of the Tyne and Wear councils next year is shown below:

Table 2: Distribution of Proposed Tyne and Wear Transport Levy

	2019/20 T&W Transport levy	2018 Mid-Year Population Estimate	2020/21 T&W Transport Levy Proposal	Levy Change Year on Year	Levy Change Year on Year
Tyne & Wear	£		£	£	%
Gateshead	10,949,433	202,508	10,888,380	(61,054)	(0.56)
Newcastle	16,002,955	300,196	16,140,834	137,879	0.86
North Tyneside	11,060,540	205,985	11,075,330	14,790	0.13
South Tyneside	8,089,866	150,265	8,079,396	(10,469)	(0.13)
Sunderland	14,997,206	277,417	14,916,061	(81,145)	(0.54)
Total	61,100,000	1,136,371	61,100,000	0	0.00%

Nexus

- 2.5 A separate report on draft budget proposals for Nexus is included on the JTC agenda. This sets out the significant cost pressures which are affecting the Nexus budget for 2019/20 and future years, and the impact of a range of scenarios on the forecast budget deficit: a cash freeze in the grant from the Tyne and Wear Levy, a 2% increase in 2020/21 and the deployment of reserves to cushion the impact of budget pressures over the medium term as a short term measure to set a balanced budget.
- 2.6 This consolidated report is prepared on the basis of one of these scenarios (a cash freeze). These planning assumptions will be updated as necessary for the report to the next meeting of the Joint Transport Committee on 19 November 2019 to reflect the views from this meeting and other consultations.

Transport Strategy Unit

- 2.7 The Transport Strategy Unit (TSU) (previously referred to as the Regional Transport Team) supports the Joint Transport Committee, providing relevant information to support policy choices and to deliver policies at a regional level. The TSU's activities include developing and maintaining:
- The Transport vision and plan;
 - The funding plan and bids for external funding;
 - Input into the LEP's strategies and plans on transport, and local business organisations;
 - A project pipeline and assurance framework;
 - Responses to transport consultations and policy-making opportunities by government and other external agencies;
 - Input into Transport for the North (TfN)'s pan-Northern policies and plans; and

- Relationships with other authorities (whether local, combined, national or sub-national) with whom the Joint Transport Committee may share a common interest.

2.8 During 2018/19 and 2019/20 the capacity of the TSU has been temporarily enhanced through secondments and fixed term contracts to prepare the bid against Transforming Cities Fund Tranche 2. This work will be complete before the end of the current financial year. The 2020/21 draft budgets have not made any assumptions on funding to be received from the Transforming Cities Fund Tranche 2 bid. Should the bid be successful, costs of programme management have been built into the bid and the budget for 2020/21 and future years will be updated accordingly.

2.9 In addition to the significant current activity of developing the Transport Plan and related delivery programmes, some other major upcoming policy developments could potentially include the development of a new bus strategy, the expansion of the Metro and local rail network, developing a model for rail devolution, and growing the programme to increase the uptake of walking and cycling. Further work is required in considering the scope of these developments, with funding packages to be agreed once requirements are clearer. There are also significant funding opportunities for well-developed bids along with a need for strong delivery programme management.

2.10 The TSU is funded through contributions from the Transport Levies which are retained to support JTC activity, a top-slice of the Local Transport Plan Integrated Transport Block grant which is awarded to the JTC and external contributions to some specific posts.

2.11 A summary of the forecast position for 2019/20 including the TCF bid resources (which was agreed after the original budget was set in January 2019) and the initial proposed budget for 2020/21 is set out in the table below. The budget for 2020/21 and future years will be updated once the updated Transport Plan is agreed which will set clear priorities for the work of the TSU.

Table 3: Transport North East Strategy Unit Budget

	2019/20 Original Budget	2019/20 Forecast Outturn	2019/20 Forecast Variance	2020/21 Initial Estimates
	£	£	£	£
Gross Expenditure				
Managing Director Transport North East and Transport Strategy Unit	658,405	584,251	(74,154)	692,631
Transport Plan	50,000	70,000	20,000	15,000
Transport Strategy Unit: Research and Development	180,000	183,044	3,044	173,000
Transport Strategy Unit: Travel and Miscellaneous	6,000	14,800	8,800	16,000
	2019/20	2019/20	2019/20	2020/21

	Original Budget	Forecast Outturn	Forecast Variance	Initial Estimates
	£	£	£	£
Transport Strategy Unit: IT/Equipment/Accomm	0	20,000	20,000	20,000
Salaries and secondment costs – Transforming Cities	241,856	233,847	(8,009)	0
Consultancy and other costs of bid preparation – Transforming Cities	191,218	191,218	0	0
Total Expenditure	1,327,479	1,297,159	(30,320)	916,631
Gross Income				
LTP funding - TSU	(500,000)	(500,000)	0	(500,000)
LGF funding - TSU	(100,000)	(100,000)	0	(100,000)
LGF funding - TCF	(100,000)	(100,000)	0	0
LTP/Levy funding - TCF	(233,074)	(233,074)	0	0
Retained Transport Levy	(31,870)	(47,671)	(15,801)	(128,773)
External funding for specific posts	(139,102)	(149,598)	(10,598)	(142,198)
Total Income	(1,104,046)	(1,130,343)	(26,297)	(870,971)
Net	223,433	166,816	(66,617)	45,660
Use of Reserves to Fund Net Expenditure				
Transport Strategy Unit Reserves	(123,433)	0	123,433	(30,660)
Go Smarter legacy funds – Transforming Cities Fund	(100,000)	(100,000)	-	0
Go Smarter legacy funds - Other	0	(30,044)	(30,044)	(15,000)
Earmarked reserves – Transforming Cities Fund	0	(36,772)	(36,772)	0

- 2.12 The forecast outturn for salaries is significantly less than the original budget due to a number of vacancies in the team which have not yet been filled. These vacancies have offset a cost pressure for pension contributions which has arisen because the budget assumed that employees would all have transferred to the employment of NECA and associated pension savings would have been made. This transfer is unlikely to take place before 1 January 2020. By the end of September 2019, unbudgeted pension costs of £32,518 had been incurred.
- 2.13 An increase in forecast costs in relation to the Transport Plan is reflected in the 2019/20 outturn as a result of additional work on the Plan requested by the Joint Transport Committee. Go Smarter legacy funds will be used to fund these additional costs.

- 2.14 A new budget line for IT/Equipment and Accommodation costs for the TSU has been added to the forecast outturn for 2019/20 to meet costs which are anticipated to arise from the planned relocation of the TSU to Gateshead Civic Centre.
- 2.15 The original budget for the year contained a significant use of the general reserve which was built up through underspends on the budget in previous years. This is now not forecast to be required in 2019/20 due to anticipated in year savings - particularly in relation to salaries and through the identification of alternative resources to fund activity. An earmarked reserve to part-fund the TCF bid work was established at the end of the 2018/19 financial year to ringfence an underspend in the contribution from the Transport levy and which was not included in the original budget

Tyne Tunnels

- 2.16 The Tyne Tunnels are accounted for as a ring-fenced account within the JTC/NECA budgets, meaning that all costs relating to the tunnels are wholly funded from the toll's income received and Tyne Tunnels reserves, with no call on the levy or other external government funding. The JTC receives all the toll income from the vehicle tunnels, and a payment under the contract with TT2 is determined based on traffic levels. The balance retained by the JTC is to meet other costs associated with the Tyne Tunnels namely interest and principal repayments on borrowing taken out to fund the New Tyne Crossing project and client costs associated with the management of the contract with the concessionaire.
- 2.17 The forecast outturn position for 2019/20 is for a small surplus of around £52,000 which is mainly as a result of additional interest income on balances held by the JTC. Traffic levels have been largely in line with forecasts, slightly higher than in 2018/19 but traffic flow levels remain less than the levels experienced in 2016/17 prior to the commencement of Highways England works at Silverlink in North Tyneside. The forecasts include the costs of the new Tyne Tunnel Manager (currently out for recruitment) and the full year costs of this new role is included in the estimates for 2020/21.
- 2.18 The tables below provide a summary of the forecast for 2019/20 and the indicative budget for 2020/21 and future years.

Table 4: Tyne Tunnels Budget Forecast 2019/20

	2019/20 Original Budget	2019/20 Forecast	Variance
	£000	£000	£000
Tolls Income	-28,090	-28,141	-51
Contract Payments to TT2	21,197	21,221	24
Employees	0	16	16
Historic Pension costs	52	52	0
Support Services	95	145	50
Supplies & Services	45	35	-10
Financing Charges	6,966	6,988	22
Interest/Other Income	-290	-368	-78
Contribution (to)/from Reserves	-25	-52	-27

- 2.19 A new post of Tyne Tunnels Contract Manager was approved by the JTC in September and is currently being advertised. This role will manage the client-side aspects of the Tyne Tunnel Project Agreement with TT2 and act as the principle point of liaison with the Concessionaire so that contractual matters are dealt with in a timely and efficient manner. The part-year costs of the post are built into the revised forecast for 2019/20 and the full year costs from 2020/21 onwards, which is the reason for the variance in Employee costs in the 2019/20 forecast. Once this post is filled and handover has been completed there will be a reduction in the budget for support services, as support has previously been provided by the NECA Chief Finance Officer and Monitoring Officer and individuals at Newcastle City Council.
- 2.20 As previously reported to the Tyne and Wear Sub Committee, TT2 have brought forward proposals to introduce a Tyne Pass process using Automatic Number Plate Recognition as a pre-cursor to a longer term aim of having a free flow system in place in the future where there would be no toll booths on the plazas.
- 2.21 These proposals would require changes to the Tyne Tunnels Byelaws, the Project Agreement and financial model for the contract. A temporary increase in the support services budget for the Tyne Tunnels is therefore proposed for the 2019/20, 2020/21 and 2021/22 financial years to meet the additional costs from the client side of implementing the project, such as external professional advice. This can be met from within the Tyne Tunnels budget and will be kept under review as the project progresses.

Table 5: Tyne Tunnels Initial Estimates 2020/21-2022/23

	2020/21	2021/22	2022/23
	£000	£000	£000
Tolls Income	-28,422	-28,919	-29,642
Contract Payments to TT2	21,633	22,505	22,942
Employees	62	63	65
Historic Pension costs	53	55	56
Support Services	100	102	104
Supplies & Services	46	47	48
Financing Charges	6,756	6,416	6,673
Interest/Other Income	-290	-290	-290
Contribution (to)/from Reserves	-61	-22	-45

2.22 The 2020/21 tolls income estimate assumes an increase in tolls to £3.90 for Class 3 vehicles in line with inflation as measured by the Retail Price Index (RPI) – a year on year increase of £0.10 (2.6%). It is not anticipated that an increase in the tolls for Class 2 vehicles will have been triggered by the increase in RPI until the 2021/22 financial year, as increases can only be applied in 10p increments. These charges are therefore likely to remain at £1.80 in 2020/21.

2.23 In terms of the formal process for the increase in Tolls, if the level of RPI has reached the point at which an increase is possible, a decision to increase tolls will be taken by the Tyne and Wear Sub Committee in January 2020. If a decision to increase the tolls is taken, officers from NECA as the Accountable Body for the JTC will follow the process set out in the Tyne Tunnels Order 2005 to implement the decision of the committee. This will involve advertising the proposed increase in at least one local newspaper and notifying the Department for Transport. Once notified, the Department has 21 days to determine whether to take the order and, if so, the order will be made 28 days before it comes into effect. A decision on the specific date for implementation will be taken in conjunction with TT2, taking into account operational considerations. The increase, if implemented, would come into effect after May 2020 and will be discussed in greater detail with the Tyne and Wear Sub Committee.

3. Reasons for the Proposals

3.1 The proposals are presented here to inform the JTC of work on the preparation of the 2020/21 Transport Budget and to begin the budget consultation process in line with the process set out in the NECA constitution in its role as Accountable Body for Transport. The report sets out indicative forecasts for 2021/22 and 2021/22.

4. Alternative Options Available

4.1 Option 1 – The North East Joint Transport Committee may accept the recommendations set out in the report.

Option 2 – The North East Joint Transport Committee may suggest amendments or alternative proposals be considered.

Option 1 is the recommended option.

5. Next Steps and Timetable for Implementation

5.1 Proposals are at an initial draft stage and further work will be ongoing in developing these further over the coming weeks. More detail will be presented to the JTC at its meeting on 19 November 2019, with a view to recommending formal agreement to the budget and levies in January 2020.

5.2 Appendix 1 shows the budget timetable for setting the 2020/21 budget.

6. Potential Impact on Objectives

6.1 The budget presented in this report is set to achieve the Transport policy objectives of the Authority.

7. Financial and Other Resources Implications

7.1 The financial and other resource implications are summarised in detail in the body of the report where they are known. Further details which are developed as part of the budget development and consultation process will be identified in reports to the November 2019 and January 2020 reports to the Committee.

7.2 The budget strategy outlined in this report is based on a levy for 2020/21 for Tyne and Wear in line with the current year, representing a cash freeze. On this basis the total levy for 2020/21 would be £61.1m. This position would provide a significant challenge for Nexus, who have seen the levy reduced by £15.2m (20%) over the last 10 years and who are expected to face significant financial pressures in the coming three years. The sustainability of retaining the levy for Tyne and Wear authorities at the current level will need to be carefully considered over the medium term.

8. Legal Implications

8.1 The JTC must ultimately approve the transport budget and levies unanimously.

9. Key Risks

9.1 Appropriate risk management arrangements are put in place in each budget area by the delivery agencies responsible. Reserves are maintained to help manage financial risk to the authority.

10. Equality and Diversity

10.1 There are no equality and diversity implications arising from this report.

11. Crime and Disorder

11.1 There are no crime and disorder implications arising from this report.

12. Consultation/Engagement

12.1 The NECA Constitution (in its role as accountable body for the JTC) requires that consultation on its budget proposals be undertaken at least two months prior to the budget being agreed.

12.2 The extent of public consultation will be proportionate to the impact that the proposals would have on services to the public. At this stage no significant service reductions or implications are expected in 2020/21, however, if the Tyne and Wear levies are frozen again in 2021/22 this will provide a challenge to Nexus. Proposals will be published on the website for comment and included in any budget consultation undertaken by constituent authorities.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report.

14. Appendices

14.1 Appendix 1 – Budget Timetable 2020/21 – Joint Transport Committee

15. Background Papers

15.1 JTC Budget 2019/20 report 22 January 2019

16. Contact Officers

16.1 Eleanor Goodman, NECA Finance Manager,
eleanor.goodman@northeastca.gov.uk, 0191 277 7518

17. Sign off

- The Proper Officer for Transport: ✓
- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

18. Glossary

DfT – Department for Transport

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority

TfN – Transport for the North

TSU – Transport Strategy Unit

TT2 – TT2 Ltd, Tyne Tunnels Concessionaire

Appendix 1 – Budget Timetable 2020/21 – Joint Transport Committee

Date	Meeting/Event	Action
14 August 2019	Tyne and Wear Sub-Committee (Briefing)	Consider 3 year forward forecasts of budget pressures and issues in relation to Nexus
17 September 2019	North East Joint Transport Committee (Briefing)	Consider 3 year forward forecasts of budget pressures and issues in relation to Nexus
23 October 2019	North East Joint Transport Committee	Initial budget proposals and 3-year forecasts in relation to JTC/Transport budgets. Consultation requirements to be considered / agreed
7 November 2019	Joint Transport Committee Overview and Scrutiny Committee	Examine initial budget and consultation proposals and make any recommendations to the JTC
19 November 2019	North East Joint Transport Committee	Consider updated draft Transport budget proposals and any feedback from JTC Overview & Scrutiny Committee
21 November 2019	Tyne and Wear Sub-Committee	Consider report on the draft budget proposals with specific reference to Tyne and Wear Transport activity
26 November 2019	NTCA Cabinet Meeting	Consider draft Transport budget proposals developed by JTC and implications regarding Transport Levy for constituent authorities as part of the budget consultation process
TBC – Meeting to be arranged w/c 9 December 2019	NECA Leadership Board	Consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee
12 December 2019	Joint Transport Committee Audit Committee	Consider budget proposals as part of consultation process
19 December 2019	JTC Overview and Scrutiny Committee	Consider (updated) budget proposals as part of consultation process (if necessary)
21 January 2020	North East Joint Transport Committee	Approve Transport Revenue Budget and Transport Levies
28 January 2020	NTCA Cabinet Meeting	Formally agree to issue the Transport Levy to constituent NTCA authorities

Date	Meeting/Event	Action
4 February 2020	NECA Leadership Board	Leadership Board formally issue levy agreed by Joint Transport Committee in January. Formal agreement of non-Transport budgets and contributions.
15 February 2020	Levy letters issued to constituent authorities	Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations

Appendix 4 – NECA Corporate and JTC Accountable Body Budget Proposals 2020/21-2022/23

	2020/21			2021/22			2022/23		
	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total	NECA Corporate	JTC Accountable Body	Total
Expenditure									
Employees	47,898	11,095	58,994	48,856	11,317	60,174	49,834	11,544	61,377
Service Level Agreements	45,435	75,435	120,870	46,344	76,944	123,287	47,271	78,483	125,753
Independent Members Allowances	7,000	0	7,000	7,140	0	7,140	7,283	0	7,283
Supplies and Services	5,900	0	5,900	6,018	0	6,018	6,138	0	6,138
Total Expenditure	106,233	86,530	192,764	108,358	88,261	196,619	110,525	90,026	200,551
Income									
NECA Corporate Contributions	(91,428)	0	(91,428)	(100,000)	0	(100,000)	(100,000)	0	(100,000)
JTC Accountable Body Contributions	0	(70,000)	(70,000)	0	(77,000)	(77,000)	0	(77,000)	(77,000)
Interest Income	(15,000)	(15,000)	(30,000)	(10,000)	(10,000)	(20,000)	(10,000)	(10,000)	(20,000)
Total Income	(106,428)	(85,000)	(191,428)	(110,000)	(87,000)	(197,000)	(110,000)	(87,000)	(197,000)

Net (to)/from Corporate Reserve	(195)	1,530	1,336	(1,642)	1,261	(381)	525	3,026	3,551
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Leadership Board

Agenda Item 9

Date: 5 November 2019

Subject: Adjustment to Committee Membership

Report of: Deputy Monitoring Officer of the North East Combined Authority

Executive Summary

This report proposes a change to the membership of the NECA Overview and Scrutiny Committee

Recommendations

It is recommended that the proposed change to the membership of the NECA Overview and Scrutiny Committee be approved.

1. Background Information

- 1.1 Durham County Council would like to make an amendment to their substitute appointment made to the NECA Overview and Scrutiny Committee.
- 1.2 The appointments which went to the Annual meeting of the NECA Leadership Board included Councillor Tanya Tucker as substitute Member for NECA Overview and Scrutiny Committee and Councillor Richard Manchester as substitute Member for JTC Overview and Scrutiny Committee.
- 1.3 Councillor Richard Manchester is the person they wished to nominate for both NECA and JTC Overview and Scrutiny Committees.

2. Proposed Change

- 2.1 It is proposed that Councillor Richard Manchester replace Councillor Tanya Tucker on the NECA Overview and Scrutiny Committee.

3. Recommendation

- 3.1 It is Recommended that the proposed change to the membership of the NECA Overview and Scrutiny Committee be approved.

4. Proposals

- 4.1 The Leadership Board is agree the recommendation contained in this report.

5. Reasons for the Proposals

- 5.1 The proposal contained in this report will ensure NECA governance structure is kept up to date.

6. Alternative Options Available

- 6.1 There are no alternative options submitted for consideration.

7. Financial and Other Resources Implications

7.1 There are no direct financial implications associated with this report.

8. Legal Implications

8.1 There are no legal implications arising directly from this report other than amendments to the NECA governance structure.

9. Key Risks

9.1 There are no risks arising as a result of the proposals.

10. Equality and Diversity

10.1 There are no specific equality and diversity implications arising from this report.

11. Appendices

11.1 None

12. Contact Officers

12.1 Nicola Robason, NECA Deputy Monitoring Officer, South Tyneside Council
E-mail: Nicola.robason@southtyneside.gov.uk Tel: 0191 424 7969

13. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

14 Glossary

- NECA - North East Combined Authority

Leadership Board

Agenda Item 10

Date: 5 November 2019

Subject: Draft Motion on Climate Change Emergency

The North East Combined Authority recognises:

- 1.1 The recent 2018 Intergovernmental Panel on Climate Change (IPCC) report states that we have just 11 years to act if global temperature rises are to be kept to 1.5 degree Celsius. Failing to meet this target would subject us to catastrophic social and ecological impacts, which worsen for every degree of warming.
- 1.2 Climate change is a global issue which affects everyone including the people across the NECA region.
- 1.3 The foresight and leadership already shown by the NECA constituent Councils when it comes to addressing the issue of Climate Change and welcomes the strong commitments and positive actions in their respective climate emergency declarations.
- 1.4 That a vast amount of work is taking place across the NECA area and the strong commitment to clean and inclusive economic growth.

In recognition of the seriousness of the global climate emergency, the North East Combined Authority resolves to:

- i. Declare a “Climate Emergency”.
- ii. Fully support all four NECA constituent authorities in working towards their ambitious carbon reduction targets.
- iii. Establishing a task and finish group to identify what additional resources and legislation would be required to support the local authorities work to reduce carbon emissions across the NECA footprint.
- iv. Receive an annual update report on progress towards emissions targets within the NECA constituent authority areas and data relating to reduction of carbon emissions across the NECA footprint.

- v. Maximise all funding opportunities to support carbon emission reductions.
- vi. Facilitate the sharing of best practice across the NECA area.
- vii. Work with NECA constituent authorities to help prioritise carbon reduction measures that will have the greatest impact while bringing in added benefits such as environmental improvements and economic growth.
- viii. Work collaboratively with the North East Local Enterprise Partnership to promote carbon reduction across the business community and within future iterations of the Strategic Economic Plan and the Local Industrial Strategy.
- ix. Ensure all future NECA Leadership Board reports comment on the impact any decision will have on the climate emergency agenda

Proposer: Councillor I Malcolm