

## North East Combined Authority, Leadership Board

23 July 2019

Agenda Item 3

(2.00 - 2.30 pm)

Meeting held at Gateshead Civic Centre, Regent Street, Gateshead, NE8 1HH

### Present:

Councillor : I Malcolm (Chair)

Councillors: G Miller, S Henig and C Donovan

#### 1. APOLOGIES FOR ABSENCE (MEMBERS)

Apologies for absence were received from Councillor M Gannon.

#### 2. DECLARATIONS OF INTEREST

None.

#### 3. MINUTES OF THE MEETING HELD ON 4 JUNE 2019

The minutes of the previous meeting held on 4 June 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).

The Chair referred to work which was ongoing to develop a NECA stakeholder engagement strategy which would be closely aligned to the Combined Authority's overarching economic, social and environmental ambitions. The Chair had met with the new Mayor of the North of Tyne Combined Authority, Mayor Driscoll to discuss and understand the priorities for North of Tyne Combined Authority. They had

agreed that joint working was essential on certain initiatives which would work better across the seven local authorities. This could be particularly relevant when promoting the areas cultural and tourism strengths.

The INEE service is the joint inward investment service, working across the NTCA and NECA areas, which drives strong performance in securing inward investment for new companies which is critical in creating jobs and growth for the region. It was proposed that both Combined Authorities would meet annually with the INEE Director to allow for the opportunity to review performance and direct the services activities for the coming year.

A meeting was arranged with the Chair and officers from the North East Local Enterprise Partnership (NELEP) to discuss the continuation of the NECA working with the LEP to promote and develop economic growth in the region.

Bi-annual meetings had been agreed with Natalie Burn, Deputy Director UK Regions and Northern Powerhouse lead at the Department for International Trade to review successes and share strategic priorities.

Economic Development Officers were working on a prospectus, they were requested to start discussions with North of Tyne colleagues on how the two Combined Authorities will work together and what should be done prior to its submission to the Board in September.

**RESOLVED** – That:

- (i) the update be noted and
- (ii) Economic Development officers start discussions with North of Tyne colleagues on how the two Combined Authorities will work together.

## **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 Chair reported that the region had benefited from improved job creation arising from Foreign Direct Investment (FDI) inward investment successes for 2018/19. When the inward investment projects from the new UK companies are included, the Inward North East England (INEE) area recorded a 1% increase in project numbers and a 69% increase in new jobs created compared with 2017/18. The North East Local Enterprise Partnership was outperforming most regions in relation to the numbers of new jobs being created.

The INEE is currently re-tendering for the Lead Generation Contract. This contract has been successful in leading to projects totalling over 1,000 potential jobs being put on INEE's pipeline and has led to a number of visits to the region, including two

small investment successes. Details of the specification for the new contract were presented in the report.

The report provided a detailed update on the current position and work undertaken in relation to the European Regional Development Fund and the European Social 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.

**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 High Speed Rail HS2 position will need to be closely monitored as the impending change in national political leadership could have implications for projects such as this. This is an important strategic project for the area and representations and responses will be prepared where appropriate.

Transport for the North (TfN) have agreed on proposals for schemes in the NECA area for implementation over the period 2020-2025. These include:

- Durham Northern Relief Road;
- Sunderland Strategic Transport corridor phase 4 and
- Tyne Bridge major maintenance (Jointly with North of Tyne).

The proposals will be submitted to the TfN Partnership Board for approval at the end of July, following this they will be submitted to Government for their consideration.

Work has commenced on Testos/Downhill Lane improvements to the A19, in addition work is also underway on the A19 to install an additional northbound lane between the Lindisfarne Junction and the Tyne Tunnel. The proposed improvements to the A66 to provide a dual carriageway along its entire length, are not yet at the option selection stage. The announcement on a preferred route is expected in Spring 2020.

A bid was to be submitted to the Transforming Cities Fund – Developing Tranche 2 Programme which included proposals to improve and connect the Metro across the whole of the region. The Department for Transport is considering the bids received and initial feedback is expected in August.

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

## **9. AUDIT COMPLETION REPORT**

Submitted: Report of the External Auditor, Mazars (previously circulated and copy attached to the official minutes)

The External Auditor introduced the Audit completion report, the external audit was largely completed and subject to the satisfactory completion of outstanding work the Auditor's confirmed that they were anticipating the issuing of an unqualified opinion on the NECA financial statements, without modification. They also anticipated concluding that NECA had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The Audit took into account the changes to the Combined Authorities in forming NOTCA and NECA on 2 November 2018 which led to a split in the accounts. This was particularly complex due to the devolution changes in the transport arrangements.

It was noted that MAZARS were also anticipating the issuing of an unqualified opinion on the NEXUS accounts and value for money, subject to the completion of the outstanding work.

The report had also been considered by the NECA Audit and Standards Committee on 22 July 2019.

He expressed his thanks to the accounting team for their assistance during the audit.

**RESOLVED** – That the position of the Audit be noted.

## **10. STATEMENT OF ACCOUNTS 2018/19**

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

Members considered the report which set out the Draft Statement of Annual Accounts 2018/19, Chief Finance Officer's Narrative Report for the Year ended 31 March 2019, Annual Governance Statement 2018/19 and Draft Audit Completion Report.

The documents had been considered by the NECA Audit and Standards Committee on 22 July 2019.

It was noted that MAZARS were anticipating the issuing of an unqualified opinion on

the accounts and an unqualified value for money opinion today, 23 July 2019, subject to the completion of the outstanding work.

Members noted updates and adjustments from MAZARS, the External Auditor for NECA and from the Chief Finance Officer, as presented at the meeting.

This year the accounting process has been more complex due to the devolution changes in the transport arrangements and membership of NECA which came into effect from 2 November 2018. This led to a longer process in making adjustments.

The Chief Finance Officer thanked staff of NECA and MAZARS for their work in such a particularly complex financial year.

**RESOLVED** – That:

- i. Approval be given to the Chief Finance officer to sign the letter of Representation on behalf of the Authority;
- ii. Approval be given to the Statement of Accounts for 2018/19, taking into account the views from the Audit and Standards Committee;
- iii. Councillor Iain Malcolm, Chair of the Leadership Board and Mr John Hewitt the Chief Finance Officer be authorised to sign the Statement of Accounts 2018/19 on behalf of the North East Combined Authority;
- iv. Approval be given to the Annual Governance Statement and
- v. Councillor Iain Malcolm, Chair of the Leadership Board and Mr Martin Swales the Head of Paid Service be authorised to sign the Annual Governance Statement on behalf of the North East Combined Authority.

**11. REVENUE CAPITAL UPDATE 2019/20**

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

Members considered an update on the overall NECA Revenue and Capital Programme Budgets for 2019/20. The report included updated forecasts of income and expenditure for the current financial year.

**RESOLVED** – That the updated position on the NECA Revenue and Capital Programme Budgets for 2019/20 be noted.

**12. NORTH EAST BREXIT PREPARATIONS**

Submitted: Report of the Chair of NECA (previously circulated and copy attached to the Official Minutes)

The report set out the position of the work which was underway to best understand and prepare for the potential impacts from the UK's exit from the European Union. In particular the report focused on the North East regional impacts.

The work had been focussed upon:

- Policy and Evidence
- Engagement and Liaison and
- Support for Businesses.

Each Local Authority in the region has also prepared a Brexit operational plan which considers the effect of different Brexit outcomes.

**RESOLVED** – That the position of preparing for Brexit be noted.

**13. DATE AND TIME OF NEXT MEETING**

Tuesday 3 September 2019 at 2pm at Sunderland Civic Centre, Sunderland.

**14. 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 consideration of agenda item 14 (North East LEP LGF Programme Funding Approvals and Update), because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.