



North East Combined Authority

DURHAM - GATESHEAD - SOUTH TYNESIDE - SUNDERLAND

Overview and Scrutiny Committee

Thursday 19 December 2019 at 10.00am

Meeting to be held at: South Shields Town Hall and Civic Offices,
Westoe Road, South Shields, NE33 2RL

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AGENDA

Page No

1. Apologies for Absence

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 meeting held on 19 September 2019 **1-6**

4. NECA Budget Proposals **7-48**

5. Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities **49-54**

6. NECA Forward Plan and Work Programme **55-73**

7. Date and Time of Next Meeting

19 March 2020 – Gateshead Civic Centre

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North East Combined Authority, Overview and Scrutiny Committee

19 September 2019
(10.00am - 11.10am)

Agenda Item 3

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

Present:

Independent Members: Mr D Taylor-Gooby (Chair) and Mr S Hart (Vice-Chair)

Councillors: R Crute (Durham), A Batey (Durham) J Wallace (Gateshead), W Flynn (South Tyneside), G Kilgour (South Tyneside),

Officers: N Robason, P Darby, G Armstrong, K Connolly, J Lunness

1. DECLARATIONS OF INTEREST

There were no declarations of interest.

2. MINUTES OF THE MEETING HELD ON 18 JULY 2019

The minutes of the previous meeting held on 18 July 2019 were approved as a correct record.

3. MATTERS ARISING

Pedestrian Tyne Tunnel

The Committee had requested that a report be presented to a future meeting which provided an update on the Tyne Pedestrian Tunnel. Nicola Robason informed members that the Joint Transport Overview and Scrutiny Committee and the Joint Transport Audit Committee had received an update report on this matter, this paper was to be circulated to the Committee. Should members feel that additional information was still required they should contact Nicola Robason who will arrange for this to be made available.

The Committee felt that it needed to be clearer at the commissioning stage who managed the relationships between the contractors. It needed to identify who was responsible for the management of costs and timescales. The PTT cost a lot more and took way longer to complete than originally anticipated. Going forward there is a need to ensure adequate arrangements are in place when commissioning complex projects. The officers assured the Committee that it is planned to consider the project management arrangements around larger schemes in the current year. It was suggested that this be factored into the governance arrangements and programme management going forward.

The Committee requested further information be received on the UK Hydrogen Corridor.

NECA Overview and Scrutiny Committees- Workshop

The Policy and Scrutiny Officer to arrange the workshop. It was agreed that both the NECA O&S Committee and the Joint Transport O&S Committee members, substitutes and officers be invited. The purpose of the workshop is to consider the role of both O&S Committee's, the variation between the two Committees, what can be done to make the Committee's effective and consider a proposed programme of works for the year.

Once a programme of works is produced then consider how the Combined Authority might work with the North of Tyne CA and how best to include the LEP within any work going forward.

RESOLVED – That:

- i. following consideration of the reports on the Tyne Pedestrian Tunnel members forward any requests for additional information to the Deputy Monitoring Officer;
- ii. the governance arrangements to include a section on the procedure for commissioning complex projects;
- iii. the Deputy Monitoring Officer arrange for further information to be circulated to the Committee on the UK Hydrogen Corridor.
- iv. the Policy and Scrutiny Officer arrange for the workshop to be set up in advance of the next meeting of the Overview and Scrutiny Committees to develop the work programme, the workshop to include both the NECA and JTC Overview and Scrutiny Members.

4. STATUTORY GUIDANCE ON OVERVIEW AND SCRUTINY IN LOCAL COMBINED AUTHORITIES

Submitted: Report of the Deputy Monitoring Officer (previously circulated and copy attached to the official minutes).

The Ministry of Housing Communities and Local Government had published formal guidance, 'Statutory Guidance for Local Authorities on Overview and Scrutiny' The new guidance clarifies the role and benefits of the scrutiny function within Local Authorities and Combined Authorities. The report provided a summary of the guidance. It is recognised that local authorities and combined authorities are best placed to decide how scrutiny works within their own political structures. The report sought to clarify the role and benefits of Scrutiny. The guidance is focussed toward highlighting best practice.

The six themes set out in the guidance were:

- Culture
- Resourcing
- Selecting Committee Members
- Power to Access Information
- Planning Work
- Evidence Sessions

A summary of the content of the six themes was presented, the full guidance was appended.

Members discussed the document at length. The Deputy Monitoring Officer agreed to produce a response to the guidance to be presented to the Leadership Board along with the recommendations of the Scrutiny Committee. The Scrutiny Committee made the following points:

- Consider how best to scrutinise the Executive and the LEP and consider the best process for working together
- Regular reporting system required from the O&S to the Leadership Board to influence decisions, it was agreed to recommend quarterly reporting.
- Consider a mechanism for the Chair and Vice-Chair to meet with the Leadership Board. It was suggested that perhaps the best mechanism would be to arrange for the Chair to attend Leadership briefings.
- In order to embed the culture of scrutiny within the organisation it was suggested that it be a regular item on the Leadership Board Agenda.
- Ensure Committee members receive adequate training.
- The Scrutiny Committee to consider commissioning a more focussed piece of work when appropriate. Identify good practice in other Combined Authorities, see what could be mirrored in NECA to improve how things are done.
- Cover who we can scrutinise, LEP, Transport Committee, procurement, contractors. Look at the outside bodies and consider how they feed into NECA. Cover in training who can scrutinise and how we do that.
- The guidance should cover the responsibilities of members in respect of behaving as a committee member in an impartial non-party political manner.

- The Committee suggested that a protocol be developed to manage disagreements or differences of opinions.

RESOLVED – That:

- i. the Deputy Monitoring Officer produce a report to Leadership outlining the Committee’s recommendations;
- ii. the Deputy Monitoring Officer report the decision of the Leadership Board to the Committee and
- iii. the Deputy Monitoring Officer produce any necessary Committee protocols and guidance following the discussion at the Leadership Board.

5. FORWARD PLAN AND SCRUTINY WORK PROGRAMME

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

The Deputy Monitoring Officer presented the report which provided Members with an opportunity to consider the items on the Forward Plan for the current 28 day period and discuss items for the Work Programme for future meetings.

Paul Darby informed the Committee that the Leadership Board had considered the budget timetable and that in order for the process to run efficiently it may be necessary to hold an additional meeting of the Committee to consider the budget.

It was agreed that a workshop be set up as soon as possible to include both the NECA O&S and the JTC O&S with a view to producing an Annual work programme.

In response to comments, questions and points raised by Members, the following areas of work were noted for discussion at the workshop:

- Consider Digital Connectivity, is this sufficient, are all homes being built with potential access to the internet?
- Concerns were raised regarding the delay to the Fair Funding review, which has been moved to 2021. The Chief Finance Officer suggested the committee may consider the impact of this at a future meeting.
- Skills Agenda
- It was recognised that work was being undertaken by each individual Local Authority in relation to being prepared for Brexit. It was requested that Brexit preparedness in relation to the Combined Authorities work be considered and reported to a future meeting of the Committee. This report to consider the financial implications.

- Discussions around how best the Combined Authority could work with the North of Tyne Combined Authority.
- Concerns were raised over the clarity of information from the Government with regards to any continuity or replacement of the Shared Prosperity Fund once the UK has left the European Union and how this would impact on the funding of the Local Industrial Strategy given they are linked.
- The Local Industrial Strategy contained a list of projects. Members felt given the importance of these projects, more detail was required for effective scrutiny.
- The Committee referred to IAMP and how they might consider this, looking at its impact, accessibility, the potential impact on congestion on A19, the general impact of the Industrial Park on all constituent Authorities.
- Ensure the Agendas are structured to give the appropriate amount of time required.
- Any additional items for consideration be forwarded to the Chairman or Nicola Robason.

RESOLVED – That:

- i. the Forward Plan and Work Programme 2019/2020 be noted, and
- ii. the list of future areas of work as detailed above be considered at the workshop when developing the programme for the year.

6. DATE AND TIME OF THE NEXT MEETING

19 December 2019 – Venue to be confirmed

Overview and Scrutiny Committee

Date: 19 December 2019

Agenda Item 4

Subject: NECA Budget Proposals

Report of: Chief Finance Officer

Executive Summary

This report provides the Overview and Scrutiny Committee with an update on the NECA Budget Proposals for 2020/21 and future years as part of the budget consultation process.

A report on the draft 2020/21 Budget will be presented to the Leadership Board on 10 December and reports on the 2020/21 Budget and Transport Levies were presented to the Joint Transport Committee (JTC) on 23 October and 19 November. The latest reports are attached to this report as appendices for consideration and comment.

The views of the Overview and Scrutiny Committee will be considered in the development of the final budget report and reported to the NECA Leadership Board and the JTC when they set the budgets and Transport Levies for 2020/21 at meetings in January and February 2020.

Recommendations

The Overview and Scrutiny Committee is recommended to receive the report for information and provide comment for consideration as part of the consultation process.

Overview and Scrutiny Committee

1. Background Information

- 1.1 The purpose of this report is to seek the views of the Overview and Scrutiny Committee on proposals for the 2020/21 NECA budget, as part of its consultation process. The summary report on the draft budget to be presented to the Leadership Board on 10 December, covering all aspects of the NECA budget, including proposals to the JTC from 19 November, is included as Appendix 1.

2 Proposals

- 2.1 The budget proposals for 2020/21 as they currently stand for both Transport and non-Transport activities are set out in the reports attached as appendices.
- 2.2 Key proposals (set out in detail in Appendix 1) presented to the NECA Leadership Board on 5 November and 10 December include:
- 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 proposed to be continued in 2020/21;
 - b) The contribution to the Invest North East England (INEE) team of £20,000 per local authority is proposed to be continued subject to discussion with constituent councils and the North East LEP;
 - 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 JTC Accountable Body role is continued in 2020/21 through an equal contribution of £10,000 from the seven local authority members of the JTC; 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.
- 2.3 Key proposals presented to the Joint Transport Committee on 23 October and 19 November include:
- a) That the draft proposed budget and levy for Durham County Council (DCC) is £15.466m (subject to further ongoing work by DCC);

Overview and Scrutiny Committee

- b) That the draft proposed budget and levy for Northumberland County Council (NCC) is £6.224m (subject to further ongoing work by NCC);
- c) That the options presented in respect of the Tyne and Wear levy be considered and feedback be provided on the preferred option for further consultation; and
- d) That the Tyne Tunnels tolls are proposed to be increased for Class 3 vehicles (HGVs) by £0.10p to keep pace with the 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 Tunnels tolls will be taken by the Tyne and Wear Sub Committee in January 2020).

More detail on these proposals is contained within the report to the JTC on 19 November which is contained within Appendix 1.

3. Reasons for the Proposals

- 3.1 As part of the process for setting its budget, NECA must ensure appropriate and effective consultation takes place with all Members and other stakeholders on the content of the Budget. This includes consultation with the Overview and Scrutiny Committee and this report provides an opportunity for such consultation to take place.

4. Alternative Options Available

- 4.1 The report is presented for information.

5. Next Steps and Timetable for Implementation

- 5.1 Comments made as part of the consultation process will be considered in the development of the final, detailed budget proposals for 2020/21 which will be presented to the JTC and the NECA Leadership Board for approval in January and February 2020.

6. Potential Impact on Objectives

- 6.1 There are no impacts on objectives arising from this report.

7. Financial and Other Resources Implications

Overview and Scrutiny Committee

7.1 The financial and other resource implications are set out in detail in the individual reports contained as appendices.

8. Legal Implications

8.1 There are no legal implications arising from this report.

9. Key Risks

9.1 There are no risk management implications arising from this report.

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 budget is subject to a period of consultation which includes this committee as well as other committees of NECA and the JTC and officer groups.

13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report which is for information.

14. Appendices

14.1 Appendix 1: NECA Leadership Board 10 December 2019 – Budget Proposals

15. Background Papers

15.1 23 October 2019 Budget reports to Joint Transport Committee
<https://northeastca.gov.uk/wp-content/uploads/2019/10/JTC-Agenda-23.10.19.pdf>

5 November 2019 Budget report to NECA Leadership Board
<https://northeastca.gov.uk/wp-content/uploads/2019/10/JTC-Agenda-23.10.19.pdf>

16. Contact Officers

Overview and Scrutiny Committee

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

Leadership Board

Appendix 1

Date: 10 December 2019
Subject: NECA Budget Proposals
Report of: Chief Finance Officer

Executive Summary

This report provides an update on the NECA Budget Proposals and the North East Joint Transport Committee (JTC) deliberations on the Transport Budget Proposals in line with the consultation process set out in the NECA Constitution.

Members will recall that at the previous meeting, held on 5 November, 2019, the draft budget proposals and timetable were considered by the NECA Leadership Board.

At its meeting on 19 November, 2019 the JTC considered an updated report on the transport budget proposals. This included the further information that had been requested at the JTC meeting on 23 October, 2019 on options for the Tyne and Wear levy and the associated impact of the options on the Tyne and Wear councils and the Nexus medium term financial position. These are summarised in this report and the detailed report to the JTC from 19 November 2019 is attached as Appendix 1 for information.

Proposals in relation to the NECA Corporate Budget, the North East LEP and the Invest North East England team have not changed since the last meeting and are summarised in the report for information.

Final detailed proposals will be included in the report to the Leadership Board on 4 February.

Recommendations

The Leadership Board is recommended to:

- i. Receive this report for consideration and comment;

- ii. Note the following proposals for the NECA 2020/21 Revenue Budget and that Transport related proposals will be further considered by the Joint Transport Committee on 21 January 2020:
 - 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.
- iii. Note that the final budget proposals will be presented to the Leadership Board at its meeting on 4 February 2020.

1. Background Information

- 1.1 At the last meeting of the Leadership Board (4 November, 2019), the draft budget proposals and detailed budget timetable were presented for consideration. The timetable included a further meeting of the Leadership Board to consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee.
- 1.2 At its meeting on 19 November, the JTC considered an updated report on the transport budget proposals, following feedback from their meeting on 23 October that they wished to see further options for the Tyne and Wear levy and the impact of the options on the Tyne and Wear councils and the Nexus medium term financial position. This updated report also included proposals to fund a range of feasibility studies on possible future Metro expansions.
- 1.3 Proposals for the NECA Corporate budget, North East LEP budget and Invest North East England budget included in this report remain in line with those set out in the report to the last meeting.
- 1.4 The budget proposals for 2020/21 are 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.

2. Proposals

Transport Budgets

- 2.1 The report to the JTC on 23 October 2019 included proposals for the Tyne and Wear levy which were based on an overall cash freeze in 2020/21 and subsequent years in recognition of the significant pressures on the Nexus budget in the medium term and the reductions in the levy since 2010. At that meeting, members requested further modelling of Tyne and Wear levy options and the impact of different scenarios on the Nexus medium term financial plan position.
- 2.2 The detailed report to the JTC on 19 November is attached as Appendix 1 with key points summarised below. This updated report also included proposals to fund a range of feasibility studies on possible future Metro expansions.
- 2.3 The draft proposed budget and levy for public passenger transport activity in County Durham is estimated at £15.466m for 2020/21. This compares with a levy for 2019/20 of £15.562m.

- 2.4 The draft proposed budget and levy for public transport activity in Northumberland is estimated at £6.224m for 2020/21. This compares with a levy of £6.104m for 2019/20.
- 2.5 The following options for the Tyne and Wear levy have been modelled:
- a) A 2% increase in all three years 2020/21-2022/23
 - b) A 2% increase in 2020/21 with a cash freeze thereafter
 - c) A 1% increase in 2020/21 with a cash freeze thereafter
 - d) A cash freeze in all three years
 - e) A 1% reduction in 2020/21 and a cash freeze thereafter
 - f) A 2% reduction in 2020/21 and a cash freeze thereafter
- 2.6 A 1% increase or decrease in the levy equates to £611,000. Detailed tables setting out the impact of each proposal on the Tyne and Wear councils are shown in the report at Appendix 1.
- 2.7 Further discussions are scheduled with the Transport Strategy Board and other officer groups in advance of the next meeting of the JTC on 21 January when the final recommendations for the Durham, Northumberland and Tyne and Wear levies will be presented for approval. The levies and Transport grants must be agreed unanimously by the JTC.
- 2.8 Proposals for the Transport Strategy Unit and the Tyne Tunnels had not changed significantly from the report to the 23 October JTC meeting which was included with the papers for the 5 November Leadership Board. The Tyne Tunnel estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager and indicate a breakeven position. Provision has been made for one-off costs of the Tyne Pass Project. The draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index (RPI) measure of inflation will trigger an increase in the toll for Class 3 vehicles (HGVs).
- 2.9 The Transport Strategy Unit budget includes a proposed continuation of the current level of contribution from the Local Transport Plan Integrated Transport Block grant of £500,000 (split equally between the allocations to the seven north east councils and Nexus).
- 2.10 The JTC Overview and Scrutiny Committee was consulted on draft budget proposals on 7 November 2019, and feedback from that committee is included in the report at Appendix 1.

NECA Corporate Costs

2.11 As set out in the report to the last meeting, the NECA budget for Corporate costs is required to support corporate operational costs of the organisation.

2.12 The table below summarises the proposed budget and funding for 2020/21.

| | NECA Corporate | JTC Accountable Body | Total |
|--|------------------|----------------------|------------------|
| 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 |

North East LEP Capacity

2.13 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.

2.14 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. 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.

2.15 The proposal for 2020/21 remains that the match funding contribution of £250,000 is continued by the seven North East local authorities each contributing £35,714.29.

Invest North East England

- 2.16 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. Current proposals have not changed since the last meeting and it is proposed that the local authority contributions are maintained at the same level for 2020/21.
- 2.17 It is anticipated that when the INEE team transfers to the NTCA any contributions agreed will be payable to NTCA.

3. Reasons for the Proposals

- 3.1 NECA is required to consult on its budget proposals two months before it sets its budget in February 2020. This report provides the NECA Leadership Board with an update on the development of the budgets as part of the budget consultation process.

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 Meetings are scheduled during December 2019 for the NECA Overview and Scrutiny Committee, NECA Audit and Standards Committee, JTC Overview and Scrutiny Committee and JTC Audit Committee to consider the budget proposals as part of the consultation process.
- 5.2 The JTC will be recommended to agree the Transport budget and Levies at its meeting on 21 January 2020.
- 5.3 At its meeting on 4 February 2020, the NECA Leadership Board will be recommended to formally issue the levies agreed by the JTC and agree the non-Transport budgets and contributions.

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 – report to North East Joint Transport Committee 19 November 2019 – Budget Proposals

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>
- Report to Leadership Board 5 November 2019 – Draft Budget Proposals and Timetable <https://northeastca.gov.uk/wp-content/uploads/2019/10/Agenda-Pack-5-November-2019.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: ✓

North East Joint Transport Committee

Date: 19 November 2019

Appendix 1

Subject: Budget Proposals

Report of: Chief Finance Officer

Executive Summary

This report provides an update on the initial budget proposals which were considered by the Joint Transport Committee on 23 October 2019 and subsequently by the JTC Overview and Scrutiny Committee on 7 November 2019.

Following feedback from JTC meeting on 23 October 2019 on initial proposals, a range of options are presented in this report for the Tyne and Wear levy.

The draft proposed budget and levy for public passenger transport activity in County Durham is estimated at £15.466m for 2020/21. This compares with a levy for 2019/20 of £15.562m.

The draft proposed budget and levy for public transport activity in Northumberland is estimated at £6.224m for 2020/21. This compares with a levy of £6.104m for 2019/20

Since the last meeting, Nexus has received information from the Pension Actuary that impacts positively on medium-term financial planning forecasts. This and the impact of a range of options for the Tyne and Wear levy are considered in this report.

Proposals for budgets for the Tyne Tunnels and the Transport Strategy Unit have not changed from the position reported on 23 October. The Tyne Tunnels revenue account forecast for 2019/20 is a breakeven position.

The Tyne Tunnel estimates for 2020/21 build in the full year costs of the new Tyne Tunnels Manager and indicate a breakeven position. Provision has been made for one-off costs of the Tyne Pass Project. The draft budget estimates for 2020/21 have been prepared on the basis that increases in the Retail Price Index (RPI) measure of inflation will trigger an increase in the toll for Class 3 vehicles (HGVs).

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 is dependent on the final levy position that is agreed. At this stage it is assumed that the contribution remains at 2019/20 levels. This funding 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).

On 7 November 2019 the JTC Overview and Scrutiny Committee considered the estimates outlined in this report. Feedback from the meeting is set out in this report.

Recommendations

The North East Joint Transport Committee is recommended to:

- i. Receive this report for consideration and comment as part of the on-going budget setting process;
- ii. Consider the following budget assumptions/proposals and agree to these forming the basis of further consultation on the 2020/21 Transport Budget:
 - a. That the draft proposed budget and levy for Durham County Council is £15.466m (subject to further ongoing work by DCC);
 - b. That the draft proposed budget and levy for Northumberland County Council is £6.224m (subject to further ongoing work by NCC);
 - c. Consider the options presented in respect of the Tyne and Wear levy and the grant to Nexus, and provide feedback on the preferred option for further consultation;
 - d. That the Tyne Tunnels tolls are proposed to be increased for Class 3 vehicles (HGVs) by £0.10p 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 Tunnels tolls will be taken by the Tyne and Wear Sub Committee in January 2020);
- iii. Note the indicative budget forecasts for 2021/22 and 2022/23, as set out in the report;
- iv. Note that the budget proposals will be subject to further consultation including a further meeting of the Joint Transport Committee Overview and Scrutiny Committee and consultation with the Joint Transport Committee Audit Committee, relevant officer groups and the Leadership Board of NECA and the NTCA Cabinet and the North East England Chamber of Commerce;
- v. Note the intention 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. Funding is also received from Tyne Tunnels tolls income, grant funding and interest income. This funding is used to deliver the transport objectives of the Committee through the relevant bodies and as set out in this report.
- 1.2 A report was considered by the JTC on 23 October which included initial budget proposals for 2020/21 and future years. Following feedback from the meeting on the initial proposals, a range of options are presented in this report for the Tyne and Wear levy together with further information that is now available, particularly in relation to the Nexus budget.

2. Proposals

Transport Levies

- 2.1 The main area of income and expenditure in the JTC revenue budget is the Transport levies and the revenue grants paid to Durham County Council, Northumberland County Council and Nexus for the delivery of public transport services.
- 2.2 The JTC area, unlike other Combined Authority areas, includes three county areas with different levels of service provision, cost and different levels of grant funding. The difference in costs across the areas is primarily related to concessionary travel reimbursement (including discretionary concessionary travel), which is higher in the Tyne and Wear area because of high levels of travel on the urban transport network, the Metro and Shields Ferry, and historic public transport borrowing costs. This is reflected in the grants paid to Tyne and Wear authorities within the revenue support grant. It is not therefore possible to have a single transport levy covering the whole JTC area and the levy arrangements established three separate levies through legislation for Durham County Council, one for Northumberland County Council and one for Tyne and Wear.
- 2.3 As the transport levies and revenue grants are fixed for the year there is no change in the levies receivable and grants payable between the original budget and the forecast outturn with minimal change in the retained transport levy budget. Any surplus or deficit against the budgets for the three main delivery agencies is retained or managed within the reserves of that organisation.
- 2.4 A proportion of the levies is retained to support the work of the JTC and to meet historic costs relating to the former Tyne and Wear Integrated Transport Authority (TWITA). This budget is expected to underspend slightly in the current year due to lower than anticipated interest costs on historic Tyne and Wear Transport debt. The forecast underspend will be transferred to the JTC retained reserves at year end.

2.5 **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 |

Durham County Council

2.6 The budget and levy for public passenger transport activity in County Durham is expected to be in the region of £15.466m for 2020/21. This compares with a levy for 2019/20 of £15.562m. The budget and levy for 2019/20 and 2020/21 is summarised in the table below

2.7 **Table 3: Draft Durham Transport Budget and Levy 2020/21**

| | 2019/20 Original Budget | 2019/20 Forecast | 2020/21 Proposed Budget |
|---------------------------------|-------------------------------|---------------------|-------------------------------|
| | £000 | £000 | £000 |
| Concessionary Fares | 12,048 | 12,048 | 11,932 |
| Subsidised Services | 2,583 | 2,361 | 2,556 |
| Bus Stations | 144 | 130 | 177 |
| Bus Shelters | 19 | 37 | 19 |
| Passenger Transport Information | 89 | 85 | 88 |
| Staffing | 669 | 669 | 684 |
| Share of NECA Transport Costs | 10 | 10 | 10 |
| Net Expenditure / Levy | 15,562 | 15,340 | 15,466 |

2.8 For 2019/20 an underspend of £0.222m is forecast, which will be retained by Durham County Council at the year-end. The main reasons for the projected underspend are as follows:

- i) Subsidised Services - £222,000 under budget – this relates mainly procurement efficiencies arising from lower than expected costs of bus services.
- ii) Bus Stations - £14,000 under budget – this is due to lower than expected costs for repairs and maintenance and vandalism.
- iii) Bus Shelters – £18,000 over budget – this is due to increased costs for repairs and maintenance.

iv) Passenger Transport Information - £4,000 under budget – Minor variances

2.9 Durham County Council is in the process of finalising the 2020/21 budget proposals. The initial estimates shown above show that net budgets are proposed to be largely in line with the current year, with no adverse impact on services anticipated next year.

Northumberland County Council

2.10 The proposed budget and levy for public transport activity in Northumberland is £6.224m for 2020/21. This compares with a budget of £6.104m for 2019/20. The budget and levy for 2019/20 and 2020/21 is summarised in the table below:

2.11 **Table 4: Draft Northumberland Transport Budget and Levy 2020/21**

| | 2019/20 Original Budget | 2019/20 Forecast | 2020/21 Proposed Budget |
|---------------------------------|--|-----------------------------|--|
| | £000 | £000 | £000 |
| Concessionary Fares | 4,690 | 4,621 | 4,811 |
| Subsidised Services | 1,230 | 1,150 | 1,230 |
| Bus Stations | 24 | 24 | 25 |
| Passenger Transport Information | 25 | 25 | 25 |
| Staffing | 125 | 125 | 133 |
| Share of NECA Transport Costs | 10 | 0 | 10 |
| Net Expenditure / Levy | 6,104 | 6,151 | 6,234 |

2.12 The main areas of expenditure are:

- i) Concessionary Fares – Based on performance to date, the budget is forecast to underspend by £69,000 in 2019/20. The patronage for the service has declined by approximately 1.5% per annum which is offset by increased ticket income.
- ii) Subsidised Bus Services – The Council supports a range of socially necessary bus services, mainly in the rural North and West areas of the County but also some in the more urban South East. It is forecast that the outturn position will show an underspend of £80,000 at the end of the current financial year.

2.13 Northumberland County Council is finalising the 2020/21 budget proposals. The estimates set out a small increase related to increased ticket prices and reimbursement to operators for concessionary travel.

Tyne and Wear

2.14 The JTC meeting on the 23 October requested further modelling of Tyne and Wear levy options and the impact of different scenarios on the Nexus medium term financial plan position.

2.15 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.

2.16 The following options for the Tyne and Wear levy have been modelled:

- a) A 2% increase in all three years 2020/21-2022/23
- b) A 2% increase in 2020/21 with a cash freeze thereafter
- c) A 1% increase in 2020/21 with a cash freeze thereafter
- d) A cash freeze in all three years
- e) A 1% reduction in 2020/21 and a cash freeze thereafter
- f) A 2% reduction in 2020/21 and a cash freeze thereafter

2.17 A 1% increase or decrease in the levy equates to £611,000. Detailed tables setting out the impact of each proposal on the Tyne and Wear councils are shown in Appendix 1, with a summary of the total impact shown in the table below:

2.18 **Table 5: Options for Tyne and Wear Levy 2020/21-2022/23**

| | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---------|---------|---------|---------|
| | £000 | £000 | £000 | £000 |
| a) 2% increase in all 3 years | 61,100 | 62,322 | 63,568 | 64,840 |
| Year on Year Increase / (Decrease) | | 1,222 | 1,246 | 1,272 |
| Cumulative Increase / (Decrease) | | 1,222 | 2,468 | 3,740 |
| b) 2% increase in 2020/21 and cash freeze thereafter | 61,100 | 62,322 | 62,322 | 62,322 |
| Year on Year Increase / (Decrease) | | 1,222 | 0 | 0 |
| Cumulative Increase / (Decrease) | | 1,222 | 1,222 | 1,222 |
| c) 1% increase in 2020/21 and cash freeze thereafter | 61,100 | 61,711 | 61,711 | 61,711 |
| Year on Year Increase / (Decrease) | | 611 | 0 | 0 |
| Cumulative Increase / (Decrease) | | 611 | 611 | 611 |
| d) Cash freeze in all three years | 61,100 | 61,100 | 61,100 | 61,100 |
| Year on Year Increase / (Decrease) | | 0 | 0 | 0 |
| Cumulative Increase / (Decrease) | | 0 | 0 | 0 |
| e) 1% reduction in 2020/21 and cash freeze thereafter | 61,100 | 60,489 | 60,489 | 60,489 |
| Year on Year Increase / (Decrease) | | (611) | 0 | 0 |
| Cumulative Increase / (Decrease) | | (611) | (611) | (611) |

| | | | | |
|---|--------|---------|---------|---------|
| f) 2% reduction in 2020/21 and cash freeze thereafter | 61,100 | 59,878 | 59,878 | 59,878 |
| Year on Year Increase / (Decrease) | | (1,222) | 0 | 0 |
| Cumulative Increase / (Decrease) | | (1,222) | (1,222) | (1,222) |

Nexus

- 2.19 The majority of the Tyne and Wear levy is paid as a revenue grant to Nexus for the delivery of public transport services. An update on the 2019/20 revenue budget position was provided in the JTC report on 23 October 2019.
- 2.20 At the JTC meeting on 23 October 2019, Nexus' medium-term financial forecasts was discussed. This showed the following deficits across the years 2019/20 to 2022/23, assuming a freeze in the grant Nexus receives from the JTC via the Tyne and Wear levy, together with planned use of reserves. This position assumed the existing pension contributions were maintained in the next valuation from 2020/21 and assumed continuation of the current service provision, factoring in pressures arising from pay and price inflation, the Metro fare box and the Metro Fleet replacement programme.

Table 6: Summary of Nexus medium term financial forecast at 23 October 2019

| Position presented to JTC: 23/10/19 | Reserves as at 31/03/19 | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|-------------------------|------------|------------|------------|------------|------------------|---------------------------|
| Deficit/(Surplus) | | 4.40 | 2.40 | 6.00 | 5.80 | | |
| Movement in reserves | | (4.40) | (2.40) | (3.00) | (2.90) | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 3.00 | 2.90 | | |
| Gap | | 0.00 | 0.00 | (3.00) | (2.90) | (5.90) | |
| Remaining reserves | 16.00 | 11.60 | 9.20 | 6.20 | 3.30 | | 21% |

- 2.21 Nexus' gross budget in the current year is £170m, funded as follows:
- 31% by government grant;
 - 36% from commercial revenues; and
 - 33% from the Tyne and Wear levy

2.22 The levy funds the following services:

- Statutory Concessionary Fares (62% of the levy)
Legal reimbursement to bus operators for the 'free bus pass' – the English National Concessionary Travel Scheme (ENCTS). Nexus has no control over the prices of, or demand for this service and with eligibility age now settling at 66 years, there is likely to be greater pressure on this budget during the next decade
- Metro (2.5% of the levy)
The Metro gross budget in the current year is £103million with 1.5% of this being funded from the levy
- Other Services (35.5% of the levy)
Secured buses, discretionary concessions, the ferry, bus infrastructure, provision of public Transport information etc.

2.23 Metro revenue has grown by 12% over the past 5 years, meaning that reliance on the grant from the levy for Metro services has been reduced whilst the levy funds a higher proportion of the other services that are provided by Nexus.

2.24 The 2019 pension valuation results for Nexus were received after the JTC meeting on 23 October 2019 and there is a forecast financial benefit compared to the position reported to the JTC on 23 October. The Nexus' pension fund position has improved and can be used to reduce its employer's future service contribution rate.

2.25 The maximum saving from the valuation is estimated at £3.4m per annum, assuming the surplus is amortised. This improves the Medium-Term Financial Plan (MTFP) forecasts presented to the JTC on 23 October 2019 as set out in the revised MTFP table below. This table uses the same assumptions as set out in paragraph 2.20 (and as reported to the JTC at the last meeting i.e. a cash freeze in the levy) but updated to show the estimated impact of the improved pension valuation position:

2.26 ***Table 7: Updated Nexus medium term financial forecast November 2019***

| Position presented to JTC: 23/10/19 (Updated to show impact of Pension Saving) | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|----------------------------|------------|------------|------------|------------|------------------|---------------------------|
| Deficit/(Surplus) | | 4.40 | (1.00) | 2.60 | 5.40 | | |
| Movement in reserves | | (4.40) | 1.00 | (2.60) | (2.70) | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.70 | | |
| Gap | | 0.00 | 0.00 | 0.00 | (2.70) | (2.70) | |
| Remaining reserves | 16.00 | 11.60 | 12.60 | 9.99 | 7.29 | | 46% |

2.27 Under a scenario of a cash freeze in the levy in 2020/21 and factoring in the impact of the updated pension fund forecasts, there is now a £1m surplus forecast in 2020/21, though there remains significant budget shortfalls in 2021/22 (£2.6m) and 2022/23 (£5.4m) which will need to be addressed. The table above factors in some prudent assumptions around utilising reserves to offset these pressures in the short term. This is not a sustainable position and spending will need to reduce and/or income increased by circa £5.4m to ensure a balanced budget beyond this medium term financial planning period. More detailed modelling of various scenarios and the impact on these forecasts is included in Appendix 2 to this report. The different scenarios are set out below:

- Increasing the levy by 2% across all three years, 2020/21 to 2022/23 (a);
- Increasing the levy by 2% and 1% in 2020/21 only, with a freeze thereafter (b);
- Freezing the levy across all three years (c);
- Reducing the by 1% and 2% in 2020/21 only, with a freeze thereafter (d);
- In all scenarios, introducing a 9.3% pension contribution rate, together with how taking a 'stepped' approach to the rate (in order to mitigate the risk of a significant increase at the 2022 valuation)¹;
- In all scenarios no reductions in services.

2.28 The following table summarises the modelling set out in Appendix 2:

¹ The rate has been adjusted from 9.3% in 2020/21 to 10.4% in 2021/22 to 11.6% in 2022/23

Table 8: Summary of Nexus levy grant options modelling

| Scenario | Deficit by 2022/23 £m | Reserves at 31/03/23 |
|--|-----------------------|----------------------|
| Levy increased by 2% in all 3 Years / 9.3% Pension | 1.86 | 11.67 |
| Levy +2% / 9.3% Pension | 4.22 | 10.24 |
| Levy +2% / Stepped Pension | 5.16 | 9.31 |
| Levy +1% / 9.3% Pension | 4.81 | 8.77 |
| Levy +1% / Stepped Pension | 5.75 | 7.83 |
| Levy Freeze / 9.3% Pension | 5.40 | 7.29 |
| Levy Freeze / Stepped Pension | 6.34 | 6.36 |
| Levy -1% / 9.3% Pension | 5.99 | 5.82 |
| Levy -1% / Stepped Pension | 6.93 | 4.88 |
| Levy -2% / 9.3% Pension | 6.58 | 4.34 |
| Levy -2% / Stepped Pension | 7.52 | 3.41 |

- 2.30 As an illustration, to eradicate the estimated deficit purely through the Tyne and Wear levy would require a levy increase of around 5% in both 2021/22 and 2022/23 assuming a levy freeze in 2020/21.

Metro Futures Studies

- 2.29 At a previous JTC briefing, members considered proposals for progressing a series of studies that are necessary for Metro and local rail network expansion plans. These studies were considered essential to progressing the Metro and Local Rail Strategy (MLRS), adopted in 2016. The estimated cost required for the work was set out as £2.4m, which could be completed over an accelerated 12 to 18 month timetable if additional funding was identified over and above the existing budget provision within the Nexus revenue budget (circa £500,000)..

- 2.30 If there was a cash freeze in the 2020/21 Tyne and Wear levy, Nexus forecast a surplus of approximately £1m. Should this position ultimately be agreed, this surplus could be used to provide a total of circa £1.5m in 2020/21 to progress the work, with the studies completed the following year, funded from the 2021/22 Nexus budget or from Nexus reserves.

Tyne Tunnels

- 2.31 The Tyne Tunnels are fully funded from tolls paid by tunnel users. No government funding was made available for the construction of the second Tyne Tunnel (which opened in 2011) and the refurbishment of the first tunnel which was completed in the same year. The works were funded by a combination of public sector and private sector borrowing, through a Public Private Partnership contract with a private sector concessionaire who designed and built the new tunnel and operate the tunnels under a contract which runs until 2037. The public sector borrowing was taken out by the then Tyne and Wear Integrated Transport Authority and is to be repaid over a 50-year period. The total current balance of borrowing associated with the Tyne Tunnels is £126.823m.

- 2.32 Contract payments to TT2 are calculated with reference to the traffic using the tunnels and increase with RPI inflation. As a result, actual tolls levied on users are required to increase to keep pace with increases in the contract payments, so the toll is maintained in real terms over the life of the contract. Under the River Tyne (Tunnels) (Modification) Order 2011, tolls can be increased in increments of 10p. Toll increases to date have been in line with expectations presented at the development stage of the New Tyne Crossing project.
- 2.33 As reported to the JTC on 23 October, the forecast outturn 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.
- 2.34 The tables below provide a summary of the forecast for 2019/20 and the indicative budget for 2020/21 and future years

Table 9: Tyne Tunnels Budget 2019/20 and 2020/21 and initial forecasts to 2022/23

| | 2019/20 Original Budget | 2019/20 Forecast | 2020/21 Proposed Budget | 2021/22 Estimate | 2022/23 Estimate |
|---|-------------------------------|---------------------|-------------------------------|---------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Tolls Income | (28,090) | (28,141) | (28,422) | (28,919) | (29,642) |
| TT2 Contract | 21,197 | 21,221 | 21,633 | 22,505 | 22,942 |
| Employees | - | 16 | 62 | 63 | 65 |
| Pensions | 52 | 52 | 53 | 55 | 56 |
| Support Services | 95 | 145 | 100 | 102 | 104 |
| Supplies & Services | 45 | 35 | 46 | 47 | 48 |
| Financing Charges | 6,966 | 6,988 | 6,756 | 6,416 | 6,673 |
| Interest /Other Income | (50) | (128) | (50) | (50) | (50) |
| Repayment from TWITA for temporary use of reserves | (240) | (240) | (240) | (240) | (240) |
| (Surplus) /Deficit on Tyne Tunnels revenue account | (25) | (52) | (61) | (22) | (45) |

- 2.35 A new post of Tyne Tunnels Contract Manager was approved by the JTC in September. This role will manage the client-side aspects of the Tyne Tunnel Project Agreement with TT2 and act as the principal 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.
- 2.36 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.
- 2.37 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.
- 2.38 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.
- 2.39 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.
- 2.40 Reserves are held to manage risks associated with ownership of the tunnels, to meet any in-year deficits which may arise on the tunnels revenue account and to deal with any changes which may arise from changes in accounting treatments in future years. The forecast position against the Tyne Tunnels reserves is set out in the table below:

2.41 **Table 10: Tyne Tunnels Reserves 2020/21 Forecast**

| | 2019/20 Original | 2019/20 Forecast | 2020/21 Original |
|---|-----------------------------|-----------------------------|-----------------------------|
| | £000 | £000 | £000 |
| Tyne Tunnels Reserves b/f | (18,452) | (21,150) | (17,961) |
| (Surplus)/Deficit on Tyne Tunnels revenue account met from reserves | (25) | (52) | (61) |
| Capital Expenditure funded from Reserves | 260 | 854 | - |
| NESTI Expenditure funded from Reserves | 300 | 342 | 305 |
| Repayment of LGF funding swap | - | 2,045 | - |
| Tyne Tunnels Reserves c/f | (17,917) | (17,961) | (17,717) |

Transport Strategy Unit

2.42 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.

2.43 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 due to be submitted at the end of November 2019 (which is considered in a report elsewhere on this agenda). 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.

2.44 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.

- 2.45 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.
- 2.46 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.

2.47 **Table 11: 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) | 678,369 |
| Transport Plan | 50,000 | 70,000 | 20,000 | 50,000 |
| Transport Strategy Unit: Research and Development | 180,000 | 183,044 | 3,044 | 135,000 |
| Transport Strategy Unit: Travel and Miscellaneous | 6,000 | 14,800 | 8,800 | 16,000 |
| Transport Strategy Unit: Contingency | 0 | 0 | 0 | 15,000 |
| 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 | (30,319) | 914,369 |
| 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) | (129,023) |
| Total Income | (1,104,046) | (1,130,343) | (26,297) | (857,756) |
| | | | | |
| Net | 223,433 | 166,816 | (56,617) | 56,353 |
| | | | | |
| Use of Reserves to Fund Net Expenditure | | | | |
| Transport Strategy Unit Reserves | (123,433) | 0 | 123,433 | (6,573) |
| Go Smarter legacy funds – Transforming Cities Fund | (100,000) | (100,000) | - | 0 |
| Go Smarter legacy funds - Other | 0 | (30,044) | (30,044) | (50,000) |
| Earmarked reserves – Transforming Cities Fund | 0 | (36,772) | (36,772) | 0 |

- 2.48 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 October 2019, unbudgeted pension costs of £38,006 had been incurred.
- 2.49 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. Following the last meeting of the Committee, the budget for 2020/21 has been increased by £35,000 to reflect the importance members place on this area of work. Go Smarter legacy funds will be used to fund these additional costs. The total budget for the Transport Plan is £120,000, the majority of which (£70,000) is forecast to be required this financial year. The balance of £50,000 is contained in the 2020/21 budget.
- 2.50 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.
- 2.51 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.
- 2.52 The JTC holds reserves to fund future activity and to manage financial risk associated with its activities. A summary of the reserves forecast at 31 March 2020 is shown in the table below

Table 12: Summary of JTC Reserves 2019/20

| | Actual 1 April 2019 | Forecast 31 March 2020 |
|---|------------------------------------|---------------------------------------|
| | £000 | £000 |
| Tyne and Wear Transport | (630) | (659) |
| Tyne Tunnels | (21,150) | (17,961) |
| Metro Reinvigoration | (9,167) | (9,233) |
| Metro Fleet Renewal | (6,694) | (1,487) |
| TCF support | (37) | 0 |
| Go Smarter Legacy (within Grants unapplied) | (194) | (64) |
| Transport Strategy Unit (within Grants unapplied) | (125) | (125) |
| Total JTC Reserves | (37,997) | (29,529) |

JTC Overview and Scrutiny Committee 7 November 2019

2.53 The JTC Overview and Scrutiny Committee met on 7 November, 2019 to consider the draft budget proposals. Members considered the reports presented to the JTC on 23 October along with the updated information around options for the Tyne and Wear levy and the updated Nexus position as set out in Appendices 1 and 2. Members were appreciative of the information provided which they felt gave them a better understanding of the Transport budgets and the proposals under consideration.

2.54 There were two main issues which the Overview and Scrutiny Committee wished the JTC to be mindful of in their consideration of the proposals for 2020/21 and future years' budgets:

- Whether there are opportunities for Invest to Save proposals, particularly to tackle fare evasion on Metro which would help maximise fare income;
- Members were keen to ensure climate change and air quality issues were taken into account when setting budgets and in particular the importance of public transport in tackling these issues. The JTC wished the Committee to consider these issues when setting budgets and agreeing levies, particularly if there were any proposals to reduce services in the future.

3. Reasons for the Proposals

3.1 The proposals are presented here to update the JTC on the work on the preparation of the 2020/21 Transport Budget and continue the consultation process. The report provides updated forecasts based on the latest information available, scenario modelling in terms of the Tyne and Wear Levy and feedback from the JTC Overview and Scrutiny Committee.

4. Alternative Options Available

- 4.1 Option 1 – The North East Joint Transport Committee may accept the recommendation set out in the report.
- Option 2 – The North East Joint Transport Committee may suggest amendments or alternative proposals be considered.

5. Next Steps and Timetable for Implementation

- 5.1 Proposals are at a draft stage and still subject to consultation. Taking into account the results of consultation, firm recommendations will be presented to the JTC for formal agreement in January 2020. .

6. Potential Impact on Objectives

- 6.1 The budget presented in this report are aligned to the achievement of 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 January 2020 meeting of the Committee.

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 or reduced 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 - Tyne and Wear Levy Options 2020/21-2022/23

Appendix 2 – Modelled impacts on Nexus MTFP Forecasts 2020/21-2022/23

15. Background Papers

15.1 JTC Budget 2019/20 report 22 January 2019

JTC Initial Budget Proposals 2020/21 report 23 October 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 - Tyne and Wear Levy Options 2020/21-2022/23

1. At the Joint Transport Committee on 23 October 2019, members requested some additional information about the impact of various options for the levy on the Tyne and Wear councils. The following scenarios have been modelled and are set out in the tables below:
 - a) A 2% increase in all three years 2020/21-2022/23
 - b) A 2% increase in 2020/21 with a cash freeze thereafter
 - c) A 1% increase in 2020/21 with a cash freeze thereafter
 - d) A cash freeze in all three years
 - e) A 1% reduction in 2020/21 and a cash freeze thereafter
 - f) A 2% reduction in 2020/21 and a cash freeze thereafter
2. Apportionment of the levy is based upon the 2018 ONS Mid-Year population estimates in 2020/21, as per the Transport Levying Bodies Regulations.
3. Since the populations in each council area change each year, the apportionment of the levy must be updated each year so there will be changes to the amounts payable by each individual council even in a cash freeze scenario.
4. For 2021/22 and 2022/23 the population figures are not yet available so the apportionment for these years is as per the 2018 Mid-Year figures.
5. The Retained Levy relates primarily to former Tyne and Wear Integrated Transport Authority (TWITA) costs (mainly historic financing charges) and contributions towards supporting the JTC including the Transport Strategy Unit (TSU). Any increase or decrease in the Retained Levy amount will be managed through the Tyne and Wear Transport reserve.

Modelling of Options

a) A 2% increase in all three years 2020/21-2022/23

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| Gateshead | 10,949,433 | 202,508 | 11,106,147 | 11,328,270 | 11,554,836 |
| Newcastle | 16,002,955 | 300,196 | 16,463,651 | 16,792,924 | 17,128,782 |
| North Tyneside | 11,060,540 | 205,985 | 11,296,836 | 11,522,773 | 11,753,229 |
| South Tyneside | 8,089,866 | 150,265 | 8,240,984 | 8,405,804 | 8,573,920 |
| Sunderland | 14,997,206 | 277,417 | 15,214,382 | 15,518,669 | 15,829,043 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 62,322,000 | 63,568,440 | 64,839,810 |
| Year on Year Increase / (Decrease) | | | 1,222,000 | 1,246,440 | 1,271,370 |
| Cumulative Increase / (Decrease) | | | 1,222,000 | 2,468,440 | 3,739,810 |

| | | | | |
|----------------|------------|------------|------------|------------|
| Retained Levy | 2,100,000 | 2,142,000 | 2,184,840 | 2,228,540 |
| Grant to Nexus | 59,000,000 | 60,180,000 | 61,383,600 | 62,611,270 |

b) A 2% increase in 2020/21 only and a cash freeze thereafter

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| Gateshead | 10,949,433 | 202,508 | 11,106,147 | 11,106,147 | 11,106,147 |
| Newcastle | 16,002,955 | 300,196 | 16,463,651 | 16,463,651 | 16,463,651 |
| North Tyneside | 11,060,540 | 205,985 | 11,296,836 | 11,296,836 | 11,296,836 |
| South Tyneside | 8,089,866 | 150,265 | 8,240,984 | 8,240,984 | 8,240,984 |
| Sunderland | 14,997,206 | 277,417 | 15,214,382 | 15,214,382 | 15,214,382 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 62,322,000 | 62,322,000 | 62,322,000 |
| Year on Year Increase / (Decrease) | | | 1,222,000 | 0 | 0 |
| Cumulative Increase / (Decrease) | | | 1,222,000 | 1,222,000 | 1,222,000 |

| | | | | |
|----------------|------------|------------|------------|------------|
| Retained Levy | 2,100,000 | 2,142,000 | 2,142,000 | 2,142,000 |
| Grant to Nexus | 59,000,000 | 60,180,000 | 60,180,000 | 60,180,000 |

c) A 1% increase in 2020/21 only and a cash freeze thereafter

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Gateshead | 10,949,433 | 202,508 | 10,997,263 | 10,997,263 | 10,997,263 |
| Newcastle | 16,002,955 | 300,196 | 16,302,242 | 16,302,242 | 16,302,242 |
| North Tyneside | 11,060,540 | 205,985 | 11,186,083 | 11,186,083 | 11,186,083 |
| South Tyneside | 8,089,866 | 150,265 | 8,160,190 | 8,160,190 | 8,160,190 |
| Sunderland | 14,997,206 | 277,417 | 15,065,221 | 15,065,221 | 15,065,221 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 61,711,000 | 61,711,000 | 61,711,000 |
| Year on Year Increase / (Decrease) | | | 611,000 | 0 | 0 |
| Cumulative Increase / (Decrease) | | | 611,000 | 611,000 | 611,000 |

| | |
|----------------|------------|
| Retained Levy | 2,100,000 |
| Grant to Nexus | 59,000,000 |

| | | |
|------------|------------|------------|
| 2,121,000 | 2,121,000 | 2,121,000 |
| 59,590,000 | 59,590,000 | 59,590,000 |

d) A cash freeze in all three years

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Gateshead | 10,949,433 | 202,508 | 10,888,380 | 10,888,380 | 10,888,380 |
| Newcastle | 16,002,955 | 300,196 | 16,140,834 | 16,140,834 | 16,140,834 |
| North Tyneside | 11,060,540 | 205,985 | 11,075,330 | 11,075,330 | 11,075,330 |
| South Tyneside | 8,089,866 | 150,265 | 8,079,396 | 8,079,396 | 8,079,396 |
| Sunderland | 14,997,206 | 277,417 | 14,916,061 | 14,916,061 | 14,916,061 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 61,100,000 | 61,100,000 | 61,100,000 |
| Year on Year Increase / (Decrease) | | | 0 | 0 | 0 |
| Cumulative Increase / (Decrease) | | | 0 | 0 | 0 |

| | |
|----------------|------------|
| Retained Levy | 2,100,000 |
| Grant to Nexus | 59,000,000 |

| | | |
|------------|------------|------------|
| 2,100,000 | 2,100,000 | 2,100,000 |
| 59,000,000 | 59,000,000 | 59,000,000 |

e) A 1% reduction in 2020/21 and a cash freeze thereafter

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| Gateshead | 10,949,433 | 202,508 | 10,779,496 | 10,779,496 | 10,779,496 |
| Newcastle | 16,002,955 | 300,196 | 15,979,426 | 15,979,426 | 15,979,426 |
| North Tyneside | 11,060,540 | 205,985 | 10,964,576 | 10,964,576 | 10,964,576 |
| South Tyneside | 8,089,866 | 150,265 | 7,998,602 | 7,998,602 | 7,998,602 |
| Sunderland | 14,997,206 | 277,417 | 14,766,900 | 14,766,900 | 14,766,900 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 60,489,000 | 60,489,000 | 60,489,000 |
| Year on Year Increase / (Decrease) | | | (611,000) | 0 | 0 |
| Cumulative Increase / (Decrease) | | | (611,000) | (611,000) | (611,000) |

| | |
|----------------|------------|
| Retained Levy | 2,100,000 |
| Grant to Nexus | 59,000,000 |

| | | |
|------------|------------|------------|
| 2,079,000 | 2,079,000 | 2,079,000 |
| 58,410,000 | 58,410,000 | 58,410,000 |

f) A 2% reduction in 2020/21 and a cash freeze thereafter

| | 2019/20 Levy (£) | 2018 Population | 2020/21 Levy (£) | 2021/22 Levy (£) | 2022/23 Levy (£) |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| Gateshead | 10,949,433 | 202,508 | 10,670,612 | 10,670,612 | 10,670,612 |
| Newcastle | 16,002,955 | 300,196 | 15,818,017 | 15,818,017 | 15,818,017 |
| North Tyneside | 11,060,540 | 205,985 | 10,853,823 | 10,853,823 | 10,853,823 |
| South Tyneside | 8,089,866 | 150,265 | 7,917,808 | 7,917,808 | 7,917,808 |
| Sunderland | 14,997,206 | 277,417 | 14,617,739 | 14,617,739 | 14,617,739 |
| Tyne & Wear Total | 61,100,000 | 1,136,371 | 59,878,000 | 59,878,000 | 59,878,000 |
| Year on Year Increase / (Decrease) | | | (1,222,000) | 0 | 0 |
| Cumulative Increase / (Decrease) | | | (1,222,000) | (1,222,000) | (1,222,000) |

| | |
|----------------|------------|
| Retained Levy | 2,100,000 |
| Grant to Nexus | 59,000,000 |

| | | |
|------------|------------|------------|
| 2,058,000 | 2,058,000 | 2,058,000 |
| 57,820,000 | 57,820,000 | 57,820,000 |

Appendix 2 – Nexus MTFP Forecasts – Updated November 2019

a) Levy increase of 2% across all 3 years

| Scenario: Levy +2% (all 3 years) / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -2.18 | 0.24 | 1.86 | | |
| Movement in reserves | | -4.40 | 2.18 | -0.24 | -0.93 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 0.93 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -0.93 | -0.93 | |
| Remaining reserves | 16.0 | 11.60 | 13.78 | 13.53 | 12.60 | | 79% |

| Scenario: Levy +2% (all 3 years) / Stepped Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -2.18 | 0.71 | 2.80 | | |
| Movement in reserves | | -4.40 | 2.18 | -0.71 | -1.40 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 1.40 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -1.40 | -1.40 | |
| Remaining reserves | 16.0 | 11.60 | 13.78 | 13.07 | 11.67 | | 73% |

b) Levy increase of 1% and 2% in 2020/21

| Scenario: Levy +2% / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -2.18 | 1.42 | 4.22 | | |
| Movement in reserves | | -4.40 | 2.18 | -1.42 | -2.11 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.11 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -2.11 | -2.11 | |
| Remaining reserves | 16.0 | 11.60 | 13.78 | 12.35 | 10.24 | | 64% |

| Scenario: Levy +2% / Stepped | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -2.18 | 1.89 | 5.16 | | |
| Movement in reserves | | -4.40 | 2.18 | -1.89 | -2.58 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.58 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -2.58 | -2.58 | |
| Remaining reserves | 16.0 | 11.60 | 13.78 | 11.89 | 9.31 | | 58% |

| Scenario: Levy +1% / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -1.59 | 2.01 | 4.81 | | |
| Movement in reserves | | -4.40 | 1.59 | -2.01 | -2.41 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.41 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -2.41 | -2.41 | |
| Remaining reserves | 16.0 | 11.60 | 13.19 | 11.17 | 8.77 | | 55% |

| Scenario: Levy +1% / Stepped | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -1.59 | 2.48 | 5.75 | | |
| Movement in reserves | | -4.40 | 1.59 | -2.48 | -2.87 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.87 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -2.87 | -2.87 | |
| Remaining reserves | 16.0 | 11.60 | 13.19 | 10.71 | 7.83 | | 49% |

c) Levy freeze in 2020/21

| Scenario: Levy Freeze / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -1.00 | 2.60 | 5.40 | | |
| Movement in reserves | | -4.40 | 1.00 | -2.60 | -2.70 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 2.70 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -2.70 | -2.70 | |
| Remaining reserves | 16.00 | 11.60 | 12.60 | 9.99 | 7.29 | | 46% |

| Scenario: Levy Freeze / Stepped Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -1.00 | 3.07 | 6.34 | | |
| Movement in reserves | | -4.40 | 1.00 | -3.07 | -3.17 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 3.17 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -3.17 | -3.17 | |
| Remaining reserves | 16.00 | 11.60 | 12.60 | 9.53 | 6.36 | | 40% |

d) Levy reduction of 1% and 2% in 2020/21

| Scenario: Levy -1.0% / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -0.41 | 3.19 | 5.99 | | |
| Movement in reserves | | -4.40 | 0.41 | -3.19 | -3.00 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 3.00 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -3.00 | -3.00 | |
| Remaining reserves | 16.00 | 11.60 | 12.01 | 8.81 | 5.82 | | 36% |

| Scenario: Levy -1.0% / Stepped Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | -0.41 | 3.66 | 6.93 | | |
| Movement in reserves | | -4.40 | 0.41 | -3.66 | -3.46 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 3.46 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -3.46 | -3.46 | |
| Remaining reserves | 16.00 | 11.60 | 12.01 | 8.35 | 4.88 | | 31% |

| Scenario: Levy -2.0% / 9.3% Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|--|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | 0.18 | 3.78 | 6.58 | | |
| Movement in reserves | | -4.40 | -0.18 | -3.78 | -3.29 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 3.29 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -3.29 | -3.29 | |
| Remaining reserves | 16.00 | 11.60 | 11.42 | 7.63 | 4.34 | | 27% |

| Scenario: Levy -2.0% / Stepped Pension | Reserves as at 31/03/19 £m | 2019/20 £m | 2020/21 £m | 2021/22 £m | 2022/23 £m | Total Savings £m | Reserves as at 31/03/23 % |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------------|--|
| Deficit/(Surplus) | | 4.40 | 0.18 | 4.25 | 7.52 | | |
| Movement in reserves | | -4.40 | -0.18 | -4.25 | -3.76 | | |
| Deficit/(Surplus) after use of reserves | | 0.00 | 0.00 | 0.00 | 3.76 | | |
| Savings required | | 0.00 | 0.00 | 0.00 | -3.76 | -3.76 | |
| Remaining reserves | 16.00 | 11.60 | 11.42 | 9.29 | 3.41 | | 21% |

Overview and Scrutiny Committee

Date: 19 December 2019

Agenda Item 5

Subject: Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities Update

Report of: Policy and Scrutiny Officer

Executive Summary

The purpose of this report is to provide Members of the Overview and Scrutiny Committee with a response to their recommendations to NECA Leadership Board in response to the formal guidance published by the Ministry of Housing Communities and Local Government in May 2019 for the operation of the scrutiny function within Council's and Combined Authorities.

The report also provides an update on work undertaken since the last Committee meeting on the recommendations in response to the formal guidance.

Recommendations

The Overview and Scrutiny Committee is recommended to:

- i. Note that the Deputy Monitoring Officer reported to Leadership outlining the Committee's recommendations from the meeting of 19 September
- ii. Note that the Leadership Board would welcome an annual report from the Committee and to have regular twice yearly meetings with the Chair and Vice-Chair of the Committee
- iii. Note that the Policy and Scrutiny Officer will produce relevant Committee protocols and guidance as required.

Overview and Scrutiny Committee

1. Background Information

- 1.1 On 7 May 2019 the Ministry of Housing, Communities & Local Government (MHCLG) published the document, 'Statutory Guidance for Local Authorities on Overview and Scrutiny'. The new guidance seeks to clarify the role and benefits of scrutiny to local authorities and combined authorities, taking into account the significant changes to scrutiny since the previous guidance was published in 2006.
- 1.2 Although this is statutory guidance, it also recognises that local authorities and combined authorities are best placed to decide how scrutiny should work within their own political structures. As such the guidance is focussed towards highlighting best practice, with it left to individual councils and combined authorities to determine its implementation.
- 1.3 Although parts of the guidance are focussed on the wider culture of the organisation towards scrutiny and as such are beyond the remit of the Scrutiny and Overview Committee to directly determine, other sections provide more practical advice. Where the guidance makes practical recommendations, the Committee needs to consider how it wishes those to be implemented. The areas within the remit of the Committee to implement were highlighted in a report to the Committee on 19 September 2019.

2. Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities

- 2.1 In September 2017 the Communities and Local Government Select Committee undertook a review of the effectiveness of overview and scrutiny in local authorities. This review took into account a broad range of evidence from a variety of sources. The review concluded with the publication of the Select Committee's findings and recommendations in December 2017.
- 2.2 The Government published its response to the Communities and Local Government Select Committee report in March 2018, giving a commitment to publish new scrutiny guidance for local authorities by December 2018. Although the publication of the guidance was delayed, it was published in May 2019.
- 2.3 At the 19 September Overview and Scrutiny Committee meeting provided feedback to on the guidance to be presented to the Leadership Board. The full list of points are included in the minutes of the meeting. The points fit into three main categories:
- Reporting to, and interaction with, Leadership Board
 - Clear role and focus

Overview and Scrutiny Committee

- Planning work

3. Interaction with Leadership Board

3.1 The Leadership Board would welcome reports and recommendations from the Committee which could feed into their discussions and decision making.

3.2 The Leadership Board would welcome the Chair and Vice-Chair of the Committee to Leadership briefings, where appropriate, to discuss issues of Oversight and Scrutiny.

4 Clear role and focus

4.1 As part of the Overview and Scrutiny workshop held on 14 November there was discussion on the role of Overview and Scrutiny as noted below:

4.2 The O & S committee is an important part of NECA and JTC decision making and is responsible for holding the Combined Authority to account by:

- Testing and challenging decisions
- Being a forum for public and political scrutiny
- Providing public confidence in decisions about the use of public assets and money
- Pausing decisions to allow for further consideration
- Engaging members of the public

4.3 There was also discussion on the principles of good scrutiny:

- At its best scrutiny holds executives to account, monitors decisions affecting local residents and contributes to the formation of policy
- The Centre for Public Scrutiny has four principles of good scrutiny, in that it:
 1. Provides a constructive “critical friend” challenge
 2. Amplifies the voices and concerns of the public
 3. Is led by independent people who take responsibility for their role
 4. Drives improvements in public services

4.4 The final aspect to add clarity and focus was the use of appropriate ‘lens’ for the committee to consider when considering papers and issues for overview and

Overview and Scrutiny Committee

scrutiny. The Committee may want to explore this aspect further and gain consensus on the 'lenses' to use to best add value as a Committee.

5 Planning Work

5.1 The guidance stressed the importance of work programming in the success of scrutiny, with a focus needed on items that can make a tangible difference. In planning its work programme, it is recommended that scrutiny should have in the main a long term plan, but with enough flexibility to ensure that urgent, short term issues can be considered as needed.

5.2 Discussion at the workshop included what areas could work programme could focus on and the need for coordination across the work programmes of individual Scrutiny Committees (NECA, JTC and individual councils) with prioritisation being necessary to ensure that the intended outcome for a specific item remained focussed. Coordination will also help ensure that the best use is made of the available support for scrutiny.

5.3 The draft work programme is included in appendix 2 of agenda item 5 of today's meeting.

5.4 This work programme reflects feedback from the Committee at the 19 September meeting, the workshop and discussions with the Chair and Vice-Chair. It should be considered a living document that can be added to as topics arise.

5.5 The Committee may wish to give consideration to adding to work programme and consider the proposed timing the different scrutiny mechanisms when planning their work programme going forward.

6. Proposals

6.1 The Scrutiny and Overview Committee is asked to continue to give consideration to the guidance, and outcomes of the workshop, to its current processes.

7. Reasons for the Proposals

7.1 To provide an opportunity for Committee members to review how they carry out their overview and scrutiny functions.

Overview and Scrutiny Committee

8. Alternative Options Available

- 8.1 The Overview and Scrutiny Committee may choose not to continue to give consideration to the guidance, and outcomes of the workshop, to its current processes.

9. Potential Impact on Objectives

- 9.1 Development of a work programme and review and scrutiny of decisions will contribute towards the development and implementation of the policy framework of the NECA, the Joint Transport Committee and the North East LEP as well as providing appropriate challenge to decisions making.

10. Financial and Other Resources Implications

- 10.1 No financial or other resource implications are identified at this stage.

11. Legal Implications

- 11.1 There are no specific legal implications arising from these recommendations.

Although this is statutory guidance, it also recognises that local authorities and combined authorities are best placed to decide how scrutiny should work within their own political structures. As such the guidance is focussed towards highlighting best practice, with it left to individual councils and combined authorities to determine its implementation.

12. Key Risks

- 12.1 There are no key risks associated with the recommendations made in this report.

13. Equality and Diversity

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

12. Crime and Disorder

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

13. Consultation/Engagement

- 13.1 On-going consultation takes place with Officers and Scrutiny Members across NECA.

Overview and Scrutiny Committee

- 14. Appendices**
- 13.1 None
- 15. Background Papers**
- 15.1 None.
- 16. Contact Officers**
- 16.1 Gavin Armstrong, Policy and Scrutiny Officer
Email: gavin.armstrong@northeastca.gov.uk
Telephone Number: Tel No: (0191) 4247537
- 16.2 Nicola Robason, Deputy Monitoring Officer
Email: nicola.robason@southtyneside.gov.uk
Telephone Number: 0191 424 7186
- 17. Sign off**
- 17.1
 - ✓ Head of Paid Service
 - ✓ Monitoring Officer
 - ✓ Chief Finance Officer
- 18. Glossary**

Overview and Scrutiny Committee

Date: 19 December 2019

Agenda Item 6

Subject: Forward Plan and Scrutiny Work Programme Update

Report of: Policy and Scrutiny officer

Executive Summary

The purpose of this report is to provide Members of the Overview and Scrutiny Committee with an opportunity to consider the items on the Forward Plan for the current 28-day period and discuss items for the Work Programme for 2019 / 2020.

Recommendations

The Overview and Scrutiny Committee is recommended to:

- i. Review the current Forward Plan and consider which items they may wish to examine in more detail;
- ii. Suggest any items for the Work Programme for 2019/2020 that Members would wish to explore in more detail, either at the Committee or via a 'deep dive' or working group;

Overview and Scrutiny Committee

1. Background Information

- 1.1 The Forward Plan is a document which NECA is required to maintain under the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2017. The Forward Plan is published on NECA's website and lists the decisions that the North East Combined Authority intends to take in the coming months and must include all decisions to be made in the next 28 days.
- 1.2 The Forward Plan template contains specific information relating to each decision, including the date the decision will be made, a brief explanation of the topic, the consultation to be undertaken, and contact details of the author. The Forward Plan template has recently been updated and includes further information including if the decision is a 'Key Decision' and if an item will be discussed in private.
- 1.3 Details of each decision are included on the Forward Plan 28 days before the report is considered and any decision is taken. This supports the transparency of decision making within the Combined Authority and allows members of the public to see the items that will be discussed. There are special procedures for circumstances where publication for the full 28 clear day period is impractical or where there is special urgency. Both of these procedures involve the Chair of the Overview and Scrutiny Committee and would be reported to the Overview and Scrutiny Committee at its next meeting.

Role of Overview and Scrutiny

- 1.4 The Overview and Scrutiny Committee examine any decisions of the North East Combined Authority – be that by the principal decision-making body or a committee or officer holding delegated authority. This Scrutiny occurs in public and ensures democratic and public accountability.
- 1.5 One of the main functions of the Overview and Scrutiny Committee is the review and scrutiny of 'Key Decisions' made by the NECA Leadership Board and Officers of the Combined Authority. The relevant regulations set out a test for what should be considered a Key Decision – being those which are most significant in financial or other terms. This is explained in the Decision-Making Protocol adopted by the Committee on the 15 March 2018. At the inaugural meeting of the NECA Leadership Board on the 13 November, following the governance changes, it was agreed that the Decision Making Protocol would remain in place:

<https://northeastca.gov.uk/wp-content/uploads/2018/08/NECA-Decision-Making-Protocol.pdf>

Overview and Scrutiny Committee

- 1.6 It is NECA’s practice to include formal decisions on the Forward Plan to maximise the opportunity for review and scrutiny. In considering items in the Forward Plan, the Overview and Scrutiny Committee should determine which areas scrutiny can add most value to in relation to the decisions being made.
- 1.7 The Forward Plan at the date this paper was issued is attached marked as Appendix 1. The up to date forward plan is always published at <https://www.northeastca.gov.uk/committee-meetings/forward-plan>.

Update on Requests for Special Urgency / General Exception

- 1.8 In accordance with the Decision Making Protocol, it was agreed by Members that the request of any Short Notice Procedure that involved the Chair of the Overview and Scrutiny Committee would be reported at the next Committee. The table below shows the number of requests made since the last meeting was held:

| Type of Short Notice Procedure | Number of Requests since previous Committee |
|--------------------------------|---|
| Requests for Special Urgency | 0 |
| Request for General Exception | 0 |

- 1.9 The table above reflects that there have been no requests for general exception and no requests for special urgency since the last Committee.

Annual Work Programme - Update

- 1.10 The most recent version of the work programme has been compiled to allow the Overview and Scrutiny Committee the opportunity to consider items that they have requested.
- 1.11 The work programme is also designed to give an overview of all performance, decision-taking and developments within the NECA, as well as being focused and flexible to allow for new issues and recognising the capacity of the scrutiny committee to respond in a timely way to emerging developments throughout the year. The Plan allows the Committee to take a longer term view than the Forward Plan, adding a longer term perspective to the Committee’s work. Advantages of a longer term perspective is the opportunity to gain a deeper understanding of matters and to allow for more constructive engagement and scrutiny.

Overview and Scrutiny Committee

- 1.12 Members are also invited to comment and give consideration to any additional items they would wish to consider on their Work Programme or those decisions where they can add value.

Joint NECA/JTC Workshop

- 1.13 A joint NECA/JTC OSC workshop was held on 14 November. This workshop was to consider the role of both O&S Committee's, the variation between the two Committees, what can be done to make the Committee's effective and consider a proposed programme of works for the year.
- 1.14 There was discussion on the role of Overview and Scrutiny. The O & S committee is an important part of NECA and JTC decision making and is responsible for holding the Combined Authority to account by:
- Testing and challenging decisions
 - Being a forum for public and political scrutiny
 - Providing public confidence in decisions about the use of public assets and money
 - Pausing decisions to allow for further consideration
 - Engaging members of the public
- 1.15 There was also discussion on the principles of good scrutiny:
- At its best scrutiny holds executives to account, monitors decisions affecting local residents and contributes to the formation of policy
 - The Centre for Public Scrutiny has four principles of good scrutiny, in that it:
 1. Provides a constructive "critical friend" challenge
 2. Amplifies the voices and concerns of the public
 3. Is led by independent people who take responsibility for their role
 4. Drives improvements in public services
- 1.16 The final aspect to add clarity and focus was the use of appropriate 'lens' for the committee to consider when considering papers and issues for overview and scrutiny. The Committee may want to explore this aspect further and gain consensus on the 'lenses' to use to best add value as a Committee.
- 1.17 Discussion at the workshop included what areas could work programme could focus on and the need for coordination across the work programmes of individual Scrutiny Committees (NECA, JTC and individual councils) with prioritisation being necessary to ensure that the intended outcome for a specific item remained focussed. Coordination will also help ensure that the best use is made of the available support for scrutiny.

Overview and Scrutiny Committee

- 1.18 The draft work programme is included as appendix 2.
- 1.19 This work programme reflects feedback from the Committee at the 19 September meeting, the workshop and discussions with the Chair and Vice-Chair. It should be considered a living document that can be added to as topics arise.
- 1.20 The Committee may wish to give consideration to adding to work programme and consider the proposed timing the different scrutiny mechanisms when planning their work programme going forward.
- 2. Proposals**
- 2.1 Committee Members are invited to review the Forward Plan for the current 28-day period – giving consideration to any items they may wish to examine in more detail – and to suggest any items for addition to the Annual Work Programme for 2019/20.
- 3. Reasons for the Proposals**
- 3.1 To provide an opportunity for Committee members to input on any additional items as part of continued planning for the Work Programme for 2019/20.
- 4. Alternative Options Available**
- 4.1 Option 1 – The Overview and Scrutiny Committee may review Forward Plan and suggest additional items for the Work Programme.
Option 2 – The Overview and Scrutiny Committee may choose not to review the Forward Plan or consider any additional items for the Work Programme.
Option 1 is the recommended option.
- 5. Next Steps and Timetable for Implementation**
- 5.1 In considering the Forward Plan, Members are asked to consider those issues where the Scrutiny Committee could make a contribution and add value.
- 5.2 If the Overview and Scrutiny Committee determines to review or scrutinise a decision notified in the Forward Plan, a meeting of the Committee will be arranged to allow scrutiny members to carry out their role in a timely manner.

Overview and Scrutiny Committee

5.3 The work programme will be refreshed and updated at each meeting of the Committee throughout the year.

6. Potential Impact on Objectives

6.1 Development of a work programme and review and scrutiny of decisions in the Forward Plan will contribute towards the development and implementation of the policy framework of the NECA, the Joint Transport Committee and the North East LEP as well as providing appropriate challenge to decisions making.

7. Financial and Other Resources Implications

7.1 No financial or other resource implications are identified at this stage.

8. Legal Implications

8.1 There are no specific legal implications arising from these recommendations.

9. Key Risks

9.1 There are no key risks associated with the recommendations made in this report.

10. Equality and Diversity

10.1 There are no specific 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 On-going consultation takes place with Officers and Scrutiny Members across the NECA in regard to the items for the Annual Work Programme as Appendix 2.

13. Other Impact of the Proposals

13.1 The proposals consider the wider impact and take into account the Principles of Decision Making as set out in the NECA Constitution. They allow Members consideration of the items on the Forward Plan and allow them the opportunity to have an overview of all performance, decision making and developments across NECA.

Overview and Scrutiny Committee

14. Appendices

- 14.1 Appendix 1 – Forward Plan
- Appendix 2 – Annual Work Programme Update

15. Background Papers

- 15.1 None.

16. Contact Officers

- 16.1 Gavin Armstrong, Policy and Scrutiny Officer

Email: gavin.armstrong@northeastca.gov.uk

Telephone Number: Tel No: (0191) 4247537

- 16.2 Nicola Robason, Deputy Monitoring Officer

Email: nicola.robason@southtyneside.gov.uk

Telephone Number: 0191 424 7186

17. Sign off

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

18. Glossary

- 18.1 NECA - North East Combined Authority
- North East LEP - North East Local Enterprise Partnership

Overview and Scrutiny Committee

Appendix One

Forward Plan

Overview and Scrutiny Committee

Appendix Two

Overview and Scrutiny Work Programme 2019/2020 November 2019 - March 2020

Standing Items for each Committee Meeting:

- Declaration of Interest
- Minutes of Previous Meeting
- NECA Forward Plan and Work Programme Report

Source of work programme and items of importance:

The Overview and Scrutiny Committee obtains work programme items from the following sources:

- Items submitted by Members of the Committee (and including items referred by other members of the Combined Authority);
- Suggestions NECA Chief Officers; Martin Swales – Head of Paid Service, Mike Harding – Monitoring Officer / Nicola Robason – Deputy Monitoring Officer and John Hewitt – Chief Finance Officer / Paul Darby – Deputy Finance Officer
- The Budget and Policy Framework; Transport Plan and Strategic Economic Plan
- The Forward Plan;
- The Thematic Leads;
- Evidence for any policy review work of relevance to NECA

Items for future consideration (2019-2020)

| Item | Lead Officer | Proposed report at meeting on: |
|--|--------------------------------|--------------------------------|
| Strategic Economic Plan Yearly update/ LEP performance | H Golightly – NELEP | 19 March 2020 |
| NECA Economic Development (note that this incorporated the previous item 'NECA's economic initiatives') | Vince Taylor | 19 March 2020 |
| Local Industrial Strategy | Vince Taylor and Richard Baker | 19 March 2020 |
| Contract commissioning – assurance that significant NECA projects have appropriate contractual and project management controls to | Paul Darby | 19 March 2020 |

Overview and Scrutiny Committee

| | | |
|---|---|-----|
| minimise risk of project overruns and delays | | |
| Fair Funding | John Hewitt – NECA Chief Finance Office | TBC |
| Shared prosperity fund - Clarity of information from the Government with regards to any continuity or replacement of the Shared Prosperity Fund once the UK has left the European Union and how this would impact on the funding of the Local Industrial Strategy | TBC | TBC |
| Digital Connectivity Update | Thematic Lead (Cllr G Miller) or appropriate Deputy – to be confirmed | TBC |
| Barriers to employment - Mental health provision impacting employment and accessibility. | TBC | TBC |
| Impact of Brexit on the North East | TBC | TBC |
| Environmental Plan and the impact on the region | TBC | TBC |



Forward Plan of Decisions

Appendix 1

02 December 2019 *

The Forward Plan for the North East Combined Authority (NECA) is prepared and published by the Monitoring Officer for the purpose of;

- A. Giving 28 days' notice of key decisions that are planned to be taken by the NECA, its Boards, Committees or Chief Officers
- B. Complete transparency about decisions – the Plan also includes an overview of non-key decisions to be taken by the Combined Authority or its Chief Officers

Included within the Forward Plan are decisions that are to be made by:

- [NECA Committees](#)
- [North East Joint Transport Committees](#)
- [Officers under delegation \(Delegated Decisions\)](#)

Unless otherwise indicated, if you require any further information or wish to make representations about any of the matters contained in the Forward Plan please contact the appropriate officer as detailed against each entry at least 7 days before the meeting.

***The most recent entries are referred to as “NEW”. Updated entries are referred to as “Updated”. Items withdrawn since the last publication are referred to as “Withdrawn” and following that will be removed altogether.**

Further information about the Forward Plan and NECA Decision Making can be found in 'The Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017' and the NECA Overview and Scrutiny Committee's Decision Making Protocol which can be found at <http://northeastca.gov.uk/wp-content/uploads/2018/08/NECA-Decision-Making-Protocol.pdf>

NECA Committees

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|--|--|-------------------------------|------------------|--|--|---|---|
| Leadership Board | | | | | | | |
| LB 5 (a) Corporate Issue | 10 December 2019 | Non-Key | Leadership Board | NECA Budget Proposals Consider the decisions and any recommendations made by the JTC and JTC Overview and Scrutiny Committee. | | John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943 | Public |
| LB 5 (b) Corporate Issue | 10 December 2019 | Key | Leadership Board | Local Enterprise Partnership – Project Approval Report To approve project approval decisions taken by the North East LEP Investment Board and the North East LEP Full Board. There will be both key decisions and non-key decisions. | | Paul Woods Lead Financial Consultant for NECA and the LEP Paul.woods@north-eastca.gov.uk 07446936840 | Private Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. |
| LB 6 (a) Economic Development and Digital (Standard Item) | 4 February 2020 | Non-Key | Leadership Board | Economic Development and Digital Thematic Update To note and provide any comments on the update report on the Economic Development and Digital Thematic Lead Portfolio. | | Vince Taylor Head of Economic Policy 0191 561 1113 Vince.taylor@sunderland.gov.uk | Public |

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|--|--|-------------------------------|------------------|--|--|--|---|
| LB 6 (b) (Standard Item) Chairman's Portfolio | 4 February 2020 | Non-Key | Leadership Board | Thematic Lead Portfolio Update Report from the Chair To provide an update on the Chair's Thematic Lead Portfolio – For Information and Comment. | | George Mansbridge Acting Corporate Director, Economic Regeneration 0191 424 7969 George.mansbridge@southtyneside.gov.uk | Public |
| LB 6 (c) Transport (Standard Item) | 4 February 2020 | Non-Key | Leadership Board | Transport Thematic Lead Portfolio Update Report To provide an update on the Transport Thematic Lead Portfolio. | | Anneliese Hutchinson anneliese Hutchinson@gateshead.gov.uk | Public |
| LB 6 (d) Finance and Skills and Employment (Standard Item) | 4 February 2020 | Non-Key | Leadership Board | Finance and Skills and Employment Thematic Lead Portfolio Update Report To provide an update on the Finance and Skills and Employment Thematic Lead Portfolio. | | Ian Thompson Corporate Director Durham ian_thompson@durham.gov.uk | Public |
| Audit and Standards Sub-Committee | | | | | | | |
| There are no meetings currently scheduled. | | | | | | | |
| Audit and Standards Committee | | | | | | | |

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|--|--|-------------------------------|---------------------|--|--|---|---|
| AS 3 (a) Corporate Issue | 10 December 2019 | Non-Key | Audit and Standards | NECA Budget Proposals To consider NECA Budget Proposals as part of the consultation process. | | John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943 | Public |
| AS 3 (b) Corporate Issue | 10 December 2019 | Non-Key | Audit and Standards | Closure of Accounts 2019/20 – Timetable and Progress Update To receive and note the progress update report. | | Eleanor Goodman Finance Manager 0191 277 7518 eleanor.goodman@northeastca.gov.uk | Public |
| AS 3 (c) Corporate Issue | 10 December 2019 | Non-Key | Audit and Standards | External Audit Progress Report To receive and note the progress update report. | | Jim Dafter, Senior Manager, Mazars, 07815 876 042, jim.dafter@mazars.co.uk Eleanor Goodman, NECA Finance Manager, 0191 277 7518, Eleanor.goodman@northeastca.gov.uk | Public |
| AS 3 (d) Corporate Issue NEW ITEM | 10 December 2019 | Non-Key | Audit and Standards | NECA Strategic Risk Register To consider and comment on the Strategic Risk Register for the North East Combined Authority. | | Tracy Davis Senior Manager Assurance, Sunderland City Council 0191 561 2861 tracy.davis@sunderland.gov.uk | Public |

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|--|--|-------------------------------|---------------------------------|--|--|---|---|
| Overview and Scrutiny Committee | | | | | | | |
| OS 3 (a) Corporate Issue | 19 December 2019 | Non-Key | Overview and Scrutiny Committee | NECA Budget Proposals To consider NECA Budget Proposals as part of the consultation process. | | John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943 | Public |
| OS 3 (b) Corporate Issue | 19 December 2019 | Non-Key | Overview and Scrutiny Committee | Statutory Guidance on Overview and Scrutiny in Local Combined Authorities To consider the committee's recommendations to Leadership Board. | | Nicola Robason Deputy Monitoring Officer 0191 424 7186 Nicola.robason@southtyneside.gov.uk | Public |
| OS 3 (c) Corporate Issue | 19 December 2019 | Non-Key | Overview and Scrutiny Committee | Work Programme Update To consider the report on the combined NECA/JTC Overview and Scrutiny workshop. | | Gavin Armstrong Policy and Scrutiny Officer 0191 424 7537 Gavin.armstrong@northeastca.gov.uk | Public |
| Economic Development and Digital Advisory Board (EDDAB) | | | | | | | |

North East Joint Transport Committees

| Reference Number | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|--|--|-------------------------------|-----------------------------|--|---|--|---|
| North East Joint Transport Committee (JTC) | | | | | | | |
| JTC 6 (a) | 21 January 2020 (Standing Item) | Non-key | Joint Transport Committee | Regional Transport Update To provide an update on the latest transport issues in the region | None | Tobyn Hughes Managing Director Transport North East (0191) 203 3246 tobyn.hughes@nexus.org.uk | Public |
| North East Joint Transport Committee Tyne and Wear Sub-Committee (TWSC) | | | | | | | |
| JTC TW 4 (a) | 16 January 2020 (Standing Item) | Non-key | Tyne and Wear Sub-Committee | Monitoring Nexus' Performance 2019/20 To provide members with an update on Nexus' corporate performance for 2018/19 including Metro performance. | Nexus Corporate Plan 2019/20 https://northeastca.gov.uk/wp-content/uploads/2019/01/JTC-Tyne-and-Wear-Sub-Committee-31-January-2019-Agenda-Pack.pdf | Tobyn Hughes Managing Director Transport North East (0191) 203 3246 tobyn.hughes@nexus.org.uk | Public |
| JTC TW 4 (b) | 16 January 2020 (Standing Item) | Non-key | Tyne and Wear Sub-Committee | Nexus' Corporate Risks 2019/20 To present members with Nexus' Corporate Risk Register for 2019/20. The report identifies the corporate risks for 2019/20 included any mitigating actions put in place. | None | Tobyn Hughes Managing Director Transport North East (0191) 203 3246 tobyn.hughes@nexus.org.uk | Public |

| Reference Number | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|---|--|-------------------------------|-------------------------------------|--|--|--|---|
| North East Joint Transport Committee Overview and Scrutiny Committee (JTC Overview and Scrutiny Committee) | | | | | | | |
| JTC OS 4 (a) | 19 December 2019 (Standing Item) | Non-key | JTC Overview and Scrutiny Committee | Joint Transport Committee Overview and Scrutiny Work Programme To receive the latest version of the annual work programme. | Held by the Contact Officer | Mike Barker 0191 433 2100 mikebarker@gateshead.gov.uk | Public |
| JTC OS 4 (b) | 19 December 2019 | Non-key | JTC Overview and Scrutiny Committee | If Necessary Budget Proposals Consider (updated) budget proposals as part of consultation process. | | John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943 | Public |
| North East Joint Transport Committee Audit Committee (JTC Audit Committee) | | | | | | | |
| JTC Audit 2 (a) | 18 December 2019 CHANGE OF DATE | Non-key | JTC Audit Committee | Budget Proposals Consider budget proposals as part of consultation process | | John Hewitt NECA Chief Finance Officer NECA.johnhewitt@durham.gov.uk 03000261943 | Public |
| JTC Audit 2 (b) | 18 December 2019 CHANGE OF DATE | Non-key | JTC Audit Committee | Joint Transport Committee Strategic Risk Register To consider and comment on the updated Strategic Risk Register for the Joint Transport Committee | None | Tracy Davis Senior Manager – Assurance Tracy.davis@sunderland.gov.uk 0191 561 2861 | |

Officer Delegated Decisions

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|---|--|-------------------------------|--------------------|--|---|---|---|
| DD 111 Economic Development and Regeneration UPDATED | 30 June 2019 | Non-Key | Monitoring Officer | Incubator Support Fund: Woods II Incubator To agree to the financial and legal matters associated with any North East LEP decision to award a grant from the Incubator Support Fund application relating to the Woods II Incubator project. | Confidential LEP Technical Officer Group report Confidential LEP Investment Board report Confidential project business case and supporting documents Confidential project appraisal report | Ben McLaughlin Programme Support Officer 0191 3387446 ben.mclaughlin@nelep.co.uk | Private – the report will contain “exempt” information which falls within paragraph 3 of part 1 of schedule 12A to the Local Government Act 1972) |
| DD114 Economic Development and Regeneration NEW | 9 September 2019 | Non- Key | Monitoring Officer | Innovation Project Development Fund Centre for UK/Chinese Digital Business Development feasibility project To agree to the financial and legal matters associated with any North East LEP decision to award a grant from the Innovation Project Development Fund application relating to the Centre for UK/Chinese Digital Business Development feasibility project. | Confidential project business case and supporting documents Confidential project appraisal report | Ben McLaughlin Programme Support Officer 0191 3387446 ben.mclaughlin@nelep.co.uk | Private – the report will contain “exempt” information which falls within paragraph 3 of part 1 of schedule 12A to the Local Government Act 1972) |

| Reference Number and Thematic Area | Decision expected to be made on or within 60 days of | Decision Type: Key or Non-Key | Decision Maker | Details of Decision to be taken | Additional Documents for consideration | Contact Officer | Decision to be made in Public or Private (and relevant category of exemption) |
|---|--|-------------------------------|----------------|--|---|---|--|
| Economic Development and Regeneration NEW | 20 August 2019 | Non- Key | | <p>EZ Development Fund: Newcastle Airport Business Park Site A feasibility (Phase 1)</p> <p>To agree to the financial and legal matters associated with any North East LEP decision to award a grant from the EZ Development Fund (LGF) relating to the Newcastle Airport Business Park Site A feasibility (Phase 1) project.</p> | <p>Confidential project business case and supporting documents</p> <p>Confidential project appraisal report</p> | <p>Ben McLaughlin Programme Support Officer 0191 5615446 ben.mclaughlin@nelop.co.uk</p> | <p>Private – the report will contain “exempt” information which falls within paragraph 3 of part 1 of schedule 12A to the Local Government Act 1972)</p> |