



Leadership Board

Tuesday 4 February 2020 at 2.00pm

Meeting to be held at: Sunderland Civic Centre, Burdon Rd, Sunderland
SR2 7DN

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SUPPLEMENTAL AGENDA

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- 1. Budget 2020/21 and Medium-Term Financial Strategy – Update of support arrangements to the North East Local Enterprise Partnership, Invest North East England and the Joint Transport Committee** 1-5

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Supplemental Agenda

Date: 4 February 2020

Subject: Budget 2020/21 and Medium-Term Financial Strategy – Update of support arrangements to the North East Local Enterprise Partnership, Invest North East England and the Joint Transport Committee

Report of: Chief Finance Officer

Report Summary

This Report seeks authority to finalise the arrangements between NECA, North of Tyne Combined Authority (“NTCA”) and the seven local authorities of Durham, Gateshead, Newcastle upon Tyne, Northumberland, North Tyneside South Tyneside and Sunderland regarding the support provided to the North East Local Enterprise Partnership (“NELEP”), Invest North East England (“INEE”) and the Joint Transport Committee (“JTC”).

Recommendations

The NECA Leadership Board is recommended to:

1. Authorise the Head of Paid Service, in consultation with the Chair, to finalise the arrangements between both combined authorities and the seven local authorities regarding the support arrangements to the NELEP, INEE and JTC, as described in this report.
2. Authorise the Deputy Monitoring Officer to complete an updated Deed of Co-operation and a new Accountable Body Agreement, as described in this report that reflects the final arrangements; and
3. Authorise the Head of Paid Service, Chief Finance Officer and Deputy Monitoring Officer to take such other steps as are necessary to give effect to the proposals in this report.

1. Background Information

1.1 The NECA Leadership Board will recall that on the 2 November 2018, the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 changed the boundaries of NECA and created NTCA.

1.2 As part of the process of establishing NTCA, it was agreed that joint and collaborative working would be maintained across the region, including through the creation of the JTC through which NECA and NTCA would exercise transport functions jointly.

1.3 At that time, and before NTCA was formally created, NECA and the local authorities entered into a Deed of Cooperation dated 4 July 2018, setting out a framework for collaborative working between the two Combined Authorities and new cooperative arrangements in relation to the JTC, NELEP and INEE.

1.4 The NELEP, which is a partnership of private sector and public sector representatives, is not a corporate entity and, as such, it cannot hold funding and property or employ staff in its own right. It can only do so through a legal entity acting on its behalf as an 'Accountable Body'. Sunderland City Council acted as the Accountable Body for the NELEP when NELEP was first established. NECA took over the role of Accountable Body to the NELEP when NECA was established in 2014. Similarly, the JTC is not a legal entity and it also requires an 'Accountable Body' to operate effectively (e.g. as the recipient of grant funding). NECA took on the role of Accountable Body to the JTC since the JTC was established.

1.5 The Deed of Co-operation dated 4 July 2018 set out the parties' intention that NECA would be the Accountable Body and host authority for the JTC and NTCA would be the Accountable Body and host authority for the NELEP and INEE. Work has been on-going since then to finalise the practical arrangements, such as the associated staff transfers and provision of support services through Service Level Agreements. A key element of this work relates to the sharing of pension assets and liabilities between the Combined Authorities to support the proposed arrangements.

2 Proposals

2.1 This work is now nearing completion and it is intended that the Accountable Body arrangements shall be put in place and implemented from 1 April 2020. As part of

2.2 this process, it will be necessary for the seven local authorities and both Combined Authorities to enter into an updated Deed of Co-operation.

The Combined Authorities, together with the NELEP, will also need to enter into a further agreement to regulate the transfer of the NELEP accountable body role from NECA to NTCA. This is called an Accountable Body Agreement. Therefore, this report recommends that officers are given delegated authority to finalise these legal documents and the practical arrangements necessary for these purposes.

3. Reasons for the Proposals

3.1 The proposals in this report are intended to put into effect the sharing of the accountable body roles in line with the principles previously agreed by the authorities. It was previously agreed that no Combined Authority may be the Accountable Authority for both NELEP and the JTC.

4. Potential Impact on Objectives

4.1 The proposals in this report are intended to put into effect the sharing of the Accountable Body roles and responsibilities in line with the principles previously agreed and documented in the Deed of Cooperation dated July 2018.

5. Financial and Other Resources Implications

5.1 The Deed of Cooperation dated 4 July 2018 sets out the requirement that “*there shall be no financial or operational detriment to the NELEP operations as a consequence of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 or any change in the Host Combined Authority*”.

5.2 A key area relates to the pension provisions adopted by the Tyne and Wear Pension Fund and any changes to the employer’s pension contribution rates payable as a result of changes to Accountable Body. The Chief Finance Officers from across the seven local authorities have been working together and with the NELEP on a proposed solution that will secure, as far as is reasonable, the financial requirements of the NELEP and NECA in relation to this issue. There are no proposed changes required to the 2020-21 budget for NECA, other than the requirement to transfer the NELEP budget to NTCA at the appropriate time, in order to be in place for 1 April 2020.

6. Legal Implications

6.1 The comments of the Deputy Monitoring Officer have been included in this report and the requirements of the Deed of Cooperation dated 4 July 2018 have been duly considered and incorporated.

7. Key Risks

7.1 There are no key risks identified at this time. The legal documentation will set out how costs and liabilities are shared between the parties.

8. Equality and Diversity

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

9. Crime and Disorder

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

10. Consultation/Engagement

10.1 As set out above, the proposals in this report are intended to put into effect the sharing of the Accountable Body roles in line with the principles previously agreed by the authorities.

11. Other Impact of the Proposals

11.1 There are no other impacts arising from these proposals.

12. Appendices

None

12.1

13. Background Papers

North of Tyne Proposals – Consent to Secretary of State Order report to the NECA Leadership Board dated 26 April 2018

14. Contact Officers

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Sign off

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

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Glossary

JTC – Joint Transport Committee

NECA – North East Combined Authority

NTCA – North of Tyne Combined Authority



North East Combined Authority

DURHAM • GATESHEAD • SOUTH TYNESIDE • SUNDERLAND

NELEP – North East Local Enterprise Partnership

INNE – Invest North East England