



## **Narrative Report for the Year ended 31 March 2022**

## 1. Introduction

This Narrative Report provides information about the North East Combined Authority (NECA), including the key issues affecting the Authority and its accounts. It provides an explanatory narrative to key elements of the statements and sections in the accounts and also provides a summary of the Authority's financial performance for 2021/22 and its future financial prospects.

This report provides the reader with:

- A guide to the different financial statements within the Statement of Accounts.
- An overview of the activities and significant matters which occurred during the year.
- A summary of the Authority's financial performance during the year ending 31 March 2022 and its financial position at that date.
- A look ahead to 2022/23 and beyond.

The Statement of Accounts sets out the financial performance of the Authority for the year ending 31 March 2022 and its financial position at that date. The statements have been prepared in accordance with proper practices, as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts give a true and fair view of the financial position of the Authority. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.

The accounts feature four main financial statements:

- Movement in Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.
- Cash Flow Statement.

The purpose of each of the above statements is described at the end of this report and the actual statements are contained within the accompanying Statement of Accounts document, which also includes detailed notes providing further information relating to specific amounts and balances.

The main statements are supplemented by a further section which presents the Group Accounts, consolidating the figures of Nexus with those of the Authority.

These statements and accounts collectively provide a comprehensive view of the Authority's financial position during the period to which they relate and as at 31 March 2022. The format of the accounts changed in 2018/19 to reflect the impact of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the [Order](#)) which changed the boundaries of NECA on 2 November 2018.

The Authority seeks to make the best possible use of resources available with regard to economy, efficiency and effectiveness. This is a responsibility shared by Members and Officers of the Authority, with the Chief Finance Officer having a specific role in ensuring the adequacy of resources and proper financial administration. The budget for 2022/23 and Medium Term Financial Strategy covering the period 2022/23 to 2024/25 available on the NECA website ([www.northeastca.gov.uk](http://www.northeastca.gov.uk)) sets out how we will do this looking forward. The Statement of Accounts accompanying this report looks back at our performance over the past year and the position to 31 March 2022. Reviewed together they provide the reader with an understanding of the financial position of the Authority.

### 2. What is the North East Combined Authority?

The North East Combined Authority (NECA) was established in April 2014 as a legal body that brought together the seven councils which serve Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. It had transport and economic development powers and its ambition was to create the best possible conditions for growth in jobs, investment and living standards, making the North East an excellent location for business and enabling residents to develop high-level skills so they can benefit long into the future.

The North of Tyne authorities secured a devolution deal with devolution funding for the North of Tyne area, which required the establishment of a separate North of Tyne Mayoral Combined Authority during 2018/19. 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.

As a result of these governance changes, from 2 November 2018 the boundary of NECA covers the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland. At the same time the North of Tyne Combined Authority was established, and the North East Joint Transport Committee was created, which continues to exercise the Transport functions over the area covered by the two Combined Authorities.

A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area that outlines a framework for collaborative working across the region, the Deed of Cooperation was updated in March 2020. On 20 November 2018 NECA was formally confirmed as retaining the Accountable Body role for Transport on behalf of the North East Joint Transport Committee.

NECA continued to be the accountable body for the North East Local Enterprise Partnership (North East LEP) until the North of Tyne Mayoral Combined Authority (NTCA) was fully established. The role of accountable body for the North East LEP transferred on 1 April 2020.

NECA continues to work closely with other bodies in the region to secure external funding, including funding for transport; infrastructure; economic development; skills and employment activities.

NECA works closely with the North East LEP and the wider business community to deliver the Strategic Economic Plan for the North East and capitalise on these opportunities.

The Government published a Levelling Up White Paper in February 2022 which and set out the Department for Levelling Up, Housing and Communities' ambition to spread opportunity more equally across the UK. The White Paper committed to extending devolution in England, including taking forward negotiations for an expanded Mayoral Combined Authority deal for the North East and reiterated the message of the Spending Review that the North East is eligible for a City Region Sustainable Transport Settlement (which could be valued between £600-650m) subject to the appropriate governance arrangements to agree and deliver funding. County Durham was named as one of nine areas selected to take forward proposals for devolved powers through a County Deal. No devolution deals or final decisions on changing the current arrangements have been made at the time these statements were prepared. Any changes would not come into force until 2024.

## Revenue Financial Summary 2021/22

Revenue expenditure covers the cost of the Authority's day to day operations and contributions to and from reserves. A summary of expenditure against the budget is set out in the Table 1 below. This includes JTC expenditure prior to the allocation between the NECA and NTCA accounts (as described in section 9). Expenditure totalling £117.289m was slightly lower than the revenue budget of £120.350m due to lower financing charges on the Tyne Tunnels and reprofiling of some Transport North East project based work, such as the Bus Service Improvement Plan/Enhanced Partnership and Active Travel Fund work, into the 2022/23 financial year. Income received was £119.675m, which resulted in a net transfer to reserves of £2.386m which was used to fund capital expenditure charged to the revenue account, and funding carried forward to finance projects in 2022/23.

**Table 1: Summary of Revenue Expenditure**

	2021/22 Revised Budget	2021/22 Actual	Variance
	£000	£000	£000
<b>Expenditure</b>			
Joint Transport Committee			
- Retained Levy Budget	2,120	2,020	(100)
- Grant to Durham	15,457	15,457	-
- Grant to Nexus	57,813	57,813	-
- Grant to Northumberland	6,318	6,318	-
- Metro Futures Planning Studies	1,187	1,187	-
- Tyne and Wear Levy Rebate	1,200	1,200	-
Tyne Tunnels			
- Contract Payments	20,411	20,011	(400)
- JTC costs	422	439	17
- Financing Costs	7,323	6,155	(1,168)
Other Transport Activity			-
- Transport North East	4,096	2,412	(1,684)
- Covid Grants	3,734	3,961	227
Corporate/Central Budget	269	316	47
<b>Total Expenditure</b>	<b>120,350</b>	<b>117,289</b>	<b>(3,061)</b>
<b>Income</b>			
External Grant Funding	(7,798)	(6,336)	1,462
Transport Levies	(84,095)	(84,095)	-
Tolls Income	(27,855)	(28,584)	(729)
Interest/Investment Income	(94)	(98)	(4)
Contributions from Constituent Authorities	(170)	(170)	-
Other Income	(395)	(392)	3
<b>Total Income</b>	<b>(120,407)</b>	<b>(119,675)</b>	<b>732</b>
<b>Net Revenue Expenditure to fund from Reserves</b>	<b>(57)</b>	<b>(2,386)</b>	<b>(2,329)</b>

This statement provides a comparison of the outturn position with the NECA (including JTC) revised revenue budget for 2021/22, before any allocation of costs and income between the accounts of NECA and NTCA. The purpose of this statement is to give the reader an understanding of overall spending and income for the whole year, in comparison with the revised budget.

Within the accompanying Statement of Accounts document the **Comprehensive Income & Expenditure Statement** (CIES, page 6 of the Statement of Accounts) sets out the Authority's financial position for the year before taking account of statutory adjustments required to be made to the accounts. The figures presented in the accounts can appear different from the budgeted revenue income and expenditure as they include accounting adjustments for costs such as Depreciation, Revenue Expenditure Funded by Capital Under Statute and certain pensions account adjustments not included in the revenue budget.

The **Movement in Reserves Statement** (MIRS, page 5 of the Statement of Accounts) reflects these statutory adjustments and shows how the financial performance for the year has impacted on the Authority's reserves. There has been an increase in reserves from £99.316m at 31 March 2021 to £139.179m at 31 March 2022, mainly due to receipt during the year of capital grants (namely Transforming Cities Fund and Active Travel Fund) which are committed to fund capital expenditure in future years but which have not yet been claimed by the local authorities delivering the projects. These funds will be drawn down in 2022/23 as projects are delivered and funding paid out on expenditure defrayed in year.

The gross cost of services during the year including capital grants to third parties as well as revenue expenditure was £82.452m (£79.781m in 2020/21). This includes a significant amount of 'Revenue Expenditure Funded by Capital Under Statute' – representing investment in capital assets owned by third parties, not by the Authority itself. This figure differs from the total expenditure shown in table 1 above because it is after the allocation of costs relating to the JTC between the NECA and NTCA accounts.

After deducting specific grants and income from fees and charges, the net cost of services was £9.887m (£30.325m in 2020/21). This was funded from sources including the Transport Levy, other contributions from Constituent Authorities and Government Grants. The net cost was lower in 2021/22 mainly due to a significant value of capital grants received which have been released to the CIES as conditions are met through commitment to fund the Transforming Cities Fund programme, but where the grants have not yet been used to fund the expenditure.

Usable reserves totalled £80.862m at 31 March 2022, which included £11.305m earmarked reserves and £60.986m capital grants unapplied, representing funds committed to meet expenditure requirements in future years. The corresponding balances held on these reserves at 31 March 2021 was £11.452m of earmarked reserves and £23.686m of capital grants unapplied.

### Capital Investment

Capital investment (including Nexus as part of the NECA Group) during the year totalled £113.112m. Expenditure consisted of capital expenditure on the Authority's own assets and capital expenditure via capital grants to third parties. An analysis of capital investment by programme are shown in the following table.

**Table 2: Capital Expenditure by Programme**

	2021/22 Revised Programme	2021/22 Actual	Variance
	£000	£000	£000
Transforming Cities Fund Tranche 1	901	897	(4)
Transforming Cities Fund Tranche 2	12,939	7,460	(5,479)
Active Travel Fund Tranche 2	3,392	1,187	(2,205)
Electric Vehicle Charging	257	27	(230)
Ultra-Low Emission Vehicles – Taxi Project	49	1	(48)
Metro Asset Renewal Plan	23,684	17,015	(6,669)
Metro Fleet Replacement	64,215	59,206	(5,009)
Nexus Other Capital Projects	3,304	1,140	(2,164)
Metro Flow	20,632	14,131	(6,501)
Tyne Tunnels	1,200	791	(409)
Local Transport Plan	11,339	11,257	(82)
<b>Total</b>	<b>141,912</b>	<b>113,112</b>	<b>(28,800)</b>

\* Amounts shown in these lines are net of LTP funded expenditure included within the Metro Asset Renewal Plan to avoid double-counting.

A summary of how this capital investment was financed is shown in the following table:

**Table 3: Capital Funding 2021/22**

	2021/22 Actual	
	£000	%
Local Transport Plan Grant	11,257	10.0%
Metro Capital Grant	16,149	14.3%
Metro Fleet Grant	59,206	52.3%
Transforming Cities Fund Grant	22,488	19.9%
Other Capital Grants	2,355	2.1%
Reserves	1,657	1.5%
<b>Total Funding</b>	<b>113,112</b>	<b>100.0%</b>

### 3. Treasury Management

The Balance Sheet on page 7 of the accounts shows external borrowing of £94.834m at the end of the year, which is split between short term borrowing (£1.265m) and long term borrowing (£93.568m), after the allocation of part of the transport borrowing to NTCA. This is a small decrease compared to balance of £95.550m the previous year due to repayments made on Equal Instalment of Principal (EIP) loans during the year. The average rate of interest on external borrowing for the year was 4.3%, which is comparable with the previous year.

The Balance Sheet also shows short term external investments of £89.792m in the NECA accounts at the end of the year compared to £34.383m at the end of the previous year. The total of investments included £34.535m of investments held on behalf of Nexus. A further £15.196m cash equivalents were held on behalf of Nexus. The increase compared to the previous year is due to NECA receiving a significant amount of transport capital grants during the year which have not yet been applied to fund capital expenditure on projects within the Transforming Cities Fund and Active Travel Fund programmes.

#### 4. Debtors

The Balance Sheet on page 7 of the accounts shows a short-term debtors balance at 31 March 2022 of £1.890m (£5.050m at 31 March 2021). This relates mainly to interest and principal repayments due within 12 months on borrowing by Nexus and is analysed in more detail in Note 14.

#### 5. Creditors

Short term creditors at 31 March 2022 were £56.654m (£39.879m at 31 March 2021). These balances are analysed in more detail in Note 17. This includes a creditor for balances owed to Nexus for short term investments and cash equivalents placed on their behalf (£90.000m total creditor of which £49.731m is shown in the NECA accounts).

#### 6. Pensions Costs

The Authority is an employer in the Tyne and Wear Pension Fund (the pension fund), which is part of the Local Government Pension Scheme (LGPS), which provides defined benefits based on members' final pensionable salary and years of service. In accordance with IAS19, the Authority is required to value all pension liabilities that have accumulated at the end of the year consisting of -

- Pension benefits that are being paid out to former employees who have retired.
- Pension benefits earned to date by current employees but not yet paid out.

IAS19 also requires the Authority to value all investments held by the pension fund at market value at the end of the year.

When assets and liabilities at year-end are compared this results in a surplus or deficit.

NECA has two types of pension liabilities – described as funded and unfunded. Funded pension liabilities are within the LGPS and are backed by assets attributable to the Authority. For the funded element of the scheme, the NECA pension fund is in a notional surplus position amounting to £11.910m at 31 March 2022, compared with £9.030m at 31 March 2021. The increase in year is due to market conditions at 31 March 2022 and the impact on asset values. For accounting purposes this surplus is restricted to nil on the NECA balance sheet. NECA gets a benefit from the surplus in the form of savings on employers' pension contributions for current employees, which has enabled significant savings on the revenue budget.

Unfunded or discretionary benefits (such as early retirement awards) sit outside the Authority's funded part of the scheme and are therefore not backed by assets and must be paid as incurred on a monthly basis. These costs relate to former Tyne Tunnels employees and are paid from the Tyne Tunnels revenue account, at a cost of approximately £50,000 in 2021/22. At the end of the year there was an unfunded liability of £0.670m (£0.870m at 31 March 2021) and this is disclosed on the Balance Sheet.

The deficit as at 31 March 2022 takes into account the national judgements on McCloud and Guaranteed Minimum Pensions (GMP). The actuarial valuation is influenced by a number of economic factors. Note 19 to the accounts provides further analysis and disclosure of the Pension Fund liability.

### **7. Net Assets**

Net assets in the NECA accounts have increased from £99.316m at 31 March 2021 to £139.179m at 31 March 2022. The increase/decrease is due to mainly to a significant amount of transport capital grants being received during the year which have not yet been applied to fund capital expenditure.

### **8. Group Results**

The Group Accounts included as part of the Statement of Accounts fully incorporate the results of Nexus (The Tyne and Wear Passenger Transport Executive). More details can be found in Group Note G01 on page 77.

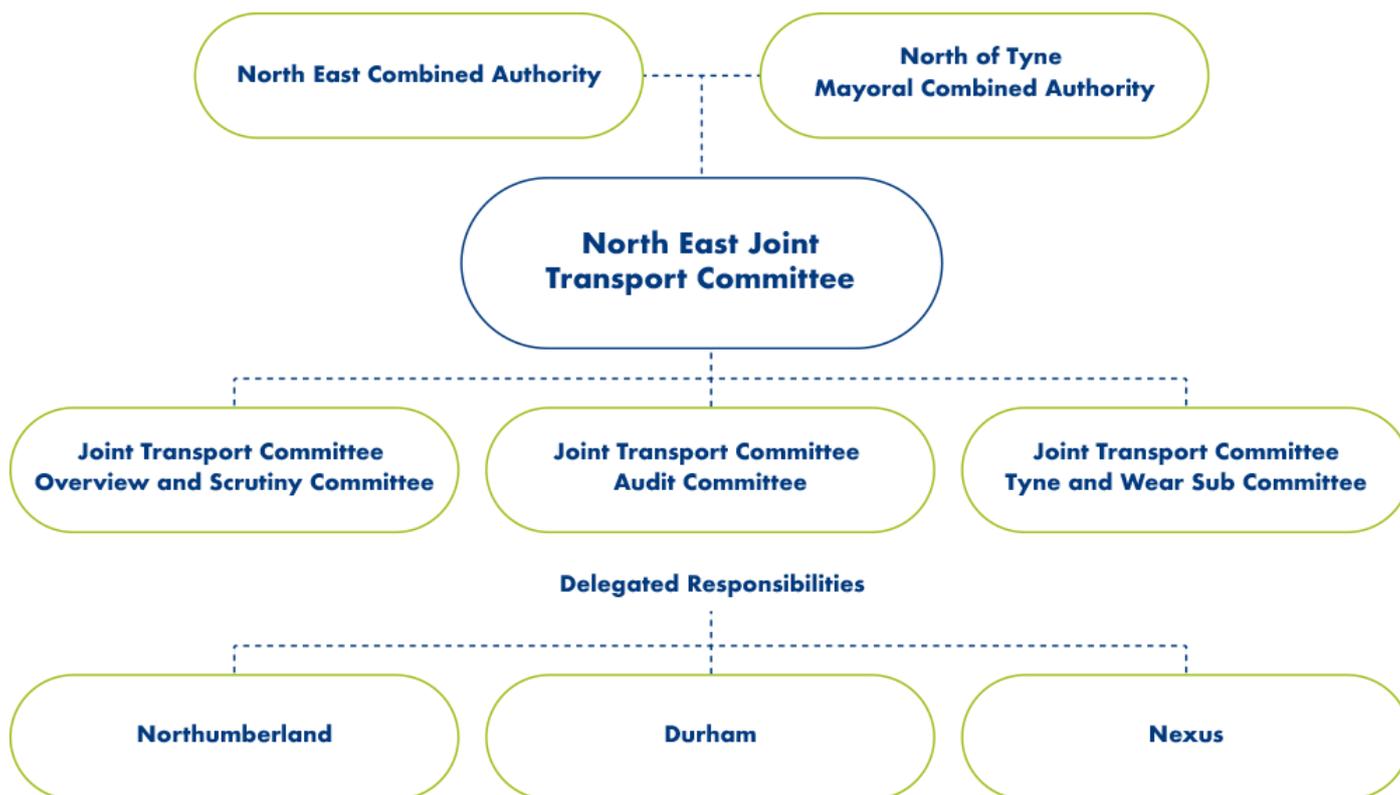
The Nexus accounts are apportioned between NTCA and NECA accounts (after elimination of intra-Group transactions), with the balance sheet information at 31 March 2022 allocated between the two Combined Authorities in proportion to their relative share of Tyne and Wear Population as set out in table 4. The full accounts for the Nexus Group and more information about their activity and performance can be obtained from the Nexus website at <https://www.nexus.org.uk>.

### **9. Accounting for the North East Joint Transport Committee**

The North East Joint Transport Committee brings together a total of seven members from each of the Constituent Authorities of the region; four Members from the North East Combined Authority and three Members from the North of Tyne Combined Authority in accordance with the Order and was created on the 2nd November 2018.

Transport is of strategic importance to the North East, and the collaborative working of both Combined Authorities allows effective decision making across the region, which ensures that the local needs and priorities are delivered.

The structure for Transport that was established in November 2018 is shown in the diagram below.



Under the CIPFA Code, the JTC meets the definition of a 'joint operation', which determines its accounting treatment. Where a Joint Committee is accounted for as a Joint Arrangement each Joint Operator (in this case NECA and NTCA) must account for their own share of the assets, liabilities, revenues and expenses held or incurred jointly in their own financial statements. In order to comply with the CIPFA Code, NECA must:

1. Split the revenues between that which relates to NECA and NTCA. In this case, the constitution of the JTC and its funding arrangements suggests that, in the first instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to NTCA), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and NTCA).
2. The revenues which relate to Tyne and Wear must be divided into that which relates wholly to the NECA or NTCA area and that which relates to activities now wholly attributable under the preceding two points which requires apportionment.

The Order gives no clear instruction on the basis of division of revenues, but the Deed of Cooperation made on 4 July 2018 between the seven local authorities in the area indicates that resident populations shall be used as a basis of apportionment.

For the 2021/22 accounts the mid-year estimated population published by the Office of National Statistics as at June 2019 is used, which is the basis on which the Transport Levy payments for the year are required to be calculated. The calculation of the proportion used to allocate the figures in the accounts at 31 March 2022 is shown in Table 4 below.

**Table 4 - Population used to allocate Transport Assets/Liabilities between NECA and NTCA**

	Mid-Year 2019 Population	Proportion
	People	Proportion
<b>NECA</b>		
- Gateshead	202,055	
- South Tyneside	150,976	
- Sunderland	277,705	
	<b>630,736</b>	0.55257
<b>NTCA</b>		
- Newcastle	302,820	
- North Tyneside	207,913	
	<b>510,733</b>	0.44743
<b>Tyne and Wear Total</b>	<b>1,141,469</b>	

## 10. The Statement of Accounts

The Statement of Accounts is set out in the accompanying document, they consist of the following statements that are required to be prepared under the Code of Practice:

### **Movement in Reserves Statement (Statement of Accounts page 5)**

This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those which can be applied to fund expenditure) and Unusable Reserves (which cannot). The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing NECA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

### **Comprehensive Income and Expenditure Statement (Statement of Accounts page 6)**

The Comprehensive Income and Expenditure Statement shows the accounting cost in year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from the levy and other sources of income which is set out in the MiRS, as described above.

### **Balance Sheet (Statement of Accounts page 7)**

The Balance Sheet summarises the Authority's financial position at 31 March each year. The net assets of the Authority (total assets less total liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories, Usable and Unusable as described above. Unusable Reserves include those which hold unrealised gains and losses (e.g. the Revaluation Reserve) where amounts only become available to provide services if the assets are sold; and

reserves that hold timing differences shown in the MiRS line “adjustments between accounting basis and funding basis under regulations”.

### **Cash Flow Statement (Statement of Accounts page 8)**

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows from operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

### **Group Financial Statements and Notes (Statement of Accounts page 73 onwards)**

Reports the financial picture of all activities conducted by the Authority, including those delivered through partnership and separate undertakings controlled by the Authority.

## **11. Annual Governance Statement**

To accompany the Narrative Report and Statement of Accounts, the leadership of the Authority prepares an Annual Governance Statement that sets out the principal arrangements that operate to ensure proper governance of the Authority’s affairs and the stewardship of resources at its disposal. It also outlines the principal arrangements that are in place to ensure that a sound system of internal control is maintained.

## **12. Non-Financial Performance**

The Statement of Accounts is focused on the financial performance of the Authority. NECA also reports non-financial Performance through thematic updates on Economic Development and Digital, Transport, and Finance, Skills & Employability. These are available on the NECA website under the Leadership Board agendas.

### **Transport**

Since the formation of the North East Joint Transport Committee, the LA7 Authorities have been working together on shared transport priorities. Through the JTC we have collectively:

- Agreed a transformational Transport Plan up to 2035, backed by a pipeline of major projects aimed at delivering economic growth and reducing inequalities, carbon reduction and better health outcomes;
- Secured £208m capital funding to begin delivering on those schemes through the Transforming Cities Fund (TCF);
- Secured £362m of funding for a new fleet of Metro trains which, along with a frequency uplift delivered by the “Metro Flow” TCF scheme and the continuation of the Metro Asset Renewal Programme, will transform the quality and frequency of the Metro; and
- Been indicatively awarded £164m capital and revenue combined towards delivering our Bus Service Improvement Plan (BSIP).

In November 2021 the ‘Tyne Pass’ scheme for barrierless open road tolling was launched at the Tyne Tunnels. The barrierless scheme has modernised the payment system, reduced journey times

and provides other benefits for the area, including significantly reduced carbon emissions and the creation of new local jobs.

Towards the end of 2021/22, traffic at the Tyne Tunnels has seen a return to almost pre-pandemic levels. It is still unclear whether the ongoing effects of Covid-19 restrictions and the 'work from home' culture combined with the increase in fuel prices will affect journey numbers throughout 2022.

**Table 5 – Tyne Tunnel Traffic Flow data**

	Class 1	Class 2	Class 3	Exempt	Total
2021/22	102,536	14,371,810	931,608	472,178	15,878,132
2020/21	99,990	10,441,472	775,745	423,317	11,740,524
2019/20	153,474	14,928,809	824,798	648,435	16,555,516
2018/19	171,626	14,839,928	823,469	631,444	16,466,467
2017/18	172,655	14,802,233	855,656	584,809	16,415,353
2016/17	197,688	15,705,319	951,785	605,670	17,460,462
2015/16	204,751	16,218,493	989,451	581,377	17,994,072
2014/15	195,798	15,265,379	873,270	508,444	16,842,891
2013/14	185,471	13,970,360	804,147	464,529	15,424,507

Class 1 = Motorcycles; Class 2 = Car, Van or Bus less than 3.5 tonnes; Class 3 = LGV, Van or Bus more than 3.5 tonnes Exempt = emergency vehicles and blue badge holders

The tolls were increased in line with inflation on 1 May 2021 from £1.80 to £1.90 for Class 2 vehicles.

## Tyne and Wear Passenger Transport Executive – Nexus

The North East Joint Transport Committee sets public transport policy for the region, which in Tyne and Wear is delivered operationally by Nexus. The following performance indicators describe the general performance of public transport in Tyne and Wear during 2021/22.

- The number of passenger journeys across all modes within Tyne and Wear in 2021/22 was estimated at 106.9 million, a 115.5% increase when compared to the 49.6 million in the previous year but a 30.8% decline when compared to 154.5 million journeys in 2019/20.
  - Bus patronage was 81.4 million in 2021/22; a 104.5% increase when compared to 39.8 million in the previous year and a 31.8% decline when compared to 119.4 million in 2019/20.
  - Metro patronage was 24.2 million in 2021/22; a 157.4% increase when compared to 9.4 million in the previous year and a 26.9% decline when compared to 33.1 million in 2019/20.
  - Ferry patronage was 0.269 million passengers in 2021/22; a 74.7% increase when compared to 0.154 million journeys in the previous year and 23.8% decline when compared to 0.353 million journeys in 2019/20.
  - Rail patronage was 1.1 million journeys in 2021/22; a 340% increase when compared to 0.250 million journeys in the previous year and a 34.5% decline when compared to 1.680 million journeys in 2019/20.
- Metro reliability (operated mileage) was 95.3% during 2021/22, broadly in line with performance in the previous year when reliability was measured at 95.8%.

- Metro reliability (Charter punctuality) was 82.8% during 2021/22, a decrease on the 87.4% performance achieved in the previous year.

### NECA Staffing

- NECA continues to adapt and change to meet the requirements of the area, while keeping costs to a minimum. Many services are provided through Service Level Agreements with constituent local authorities.
- On 1 April the Accountable Body responsibility for the North East LEP transferred to NTCA and the TUPE transfer of LEP and Invest North East England staff to NTCA was also completed.
- On the same date the TUPE transfer from Newcastle City Council and Nexus of staff working on regional Transport matters was completed.
- The majority of the NECA employees work on behalf of Transport North East with numbers growing in 2021/22 as the responsibilities of the team increase following successful bids for grant funding.

**Table 6 – Change in Staffing numbers since 2015/16**

	Total NECA Employees at the year end	Employed on behalf of North East LEP
2021/22	26	0
2020/21	16	0
2019/20	63	56
2018/19	43	39
2017/18	29	21
2016/17	21	18
2015/16	15	11

### 13. Looking Ahead

NECA continues to focus on working with delivery partners on its thematic areas of Transport, Economic Development and Digital, and Finance, Skills and Employability. Key areas of focus for the year ahead are detailed below.

#### Transport

During 2022/23 the North East Joint Transport Committee will put in place an Enhanced Partnership (EP) with bus operators. An EP is where local transport authorities and bus operators agree a detailed partnership plan (a Bus Service Improvement Plan) that is refined through consultation. A series of partnership schemes are built into the final agreed EP plan. The region's first BSIP formed the basis of an ambitious £804m bid to government, which would have dramatically transformed bus services across the North East. In response, an indicative funding allocation of £73.758m capital and £89.763m revenue funding across 3 years (one of the highest allocations in the country) has been announced by government, pending the consideration of the draft EP scheme.

2022/23 is the planned final year of the Transforming Cities Fund Programme, which

Building on the initiatives and infrastructure improvements delivered in the first two rounds of the Active Travel Fund, will see TNE deliver further improvements to the region's walking and cycling network totalling £17.9m through Tranche 3 of the fund. Schemes in Newcastle, North Tyneside, Northumberland and Sunderland will be supported in the coming year.

In 2022/23 the JTC will adopt its first North East Rail and Metro Strategy – a new blue print which outlines regional plans to upgrade the East Coast Main Line (ECML), reopen the Leamside Line and extend the Tyne and Wear Metro. Some of the main actions which the region will take forward include:

- Obtaining a Government commitment to increasing capacity of the ECML for passengers and freight;
- Extending the Tyne and Wear Metro, upgrading existing networks and adding new stations and routes – including the Leamside Line and Northumberland Line;
- Working with Great British Railways to form a new partnership which represents the North East, ensuring local needs are taken into account;
- Introducing new trains – including a more efficient electric fleet on Metro and electric/batter/hydrogen local rail trains;
- Improvements to several regional railway stations including Newcastle and Sunderland and new stations such as Gateshead East.

Work continues with government to agree revised governance structures, in the form of a new devolution deal, to enable the North East to access funding through the City Region Sustainable Transport Settlement.

### **Economic Development and Digital**

The economic picture across the NECA area is currently one of challenges as businesses continue to recover from the impact of the pandemic and are now being buffeted by both skills shortages and, most pointedly, the surge in inflation.

Project Gigabit delivered by Building Digital UK (BDUK) was launched in March 2021 and will deliver gigabit-capable connectivity to at least 5% of premises across the UK in hard-to-reach areas by the end of 2025, supporting the government's target of at least 85% through a combination of commercial and subsidised build.

### **Finance, Skills and Employability**

Activity continues to progress all aspects of the Finance, Skills and Employment needs and opportunities across NECA. The UK Shared Prosperity Fund (UKSPF) provides £2.6bn of funding for local investment by March 2025. Every place in the UK has been allocated a share of the UKSPF. In order to access UKSPF funding, lead local authorities are being asked to complete an investment plan, setting out how they intend to use and deliver the funding, in conjunction with local stakeholders. This work will take place during 2022/23 with an anticipated date for first investment plans to be approved of October 2022.

### **14. Further Information Available**

## North East Combined Authority Narrative Report 2021/22

Access to this report, the accounts and the Annual Governance Statement will be made available to the general public via the Authority's website. If this information is needed in another format or language, please use the contact below.

If you have any problems understanding this publication, any general enquiries on the accounts or have any suggestions on how it may be improved, please contact:

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