

## Leadership Board

Tuesday 14 December 2021 at 2.00pm

Meeting to be held at: Blaydon Room, Gateshead Civic Centre, NE8 1HH

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# AGENDA

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	Page No
<b>1. Apologies for Absence (Members)</b>	
<b>2. Declarations of Interest</b>	
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.	
<b>3. Minutes of the Previous Meeting held on 2 November 2021</b>	<b>1-6</b>
For approval as a correct record.	
<b>4. Announcements from the Chair and/or the Head of Paid Service</b>	
<b>5. Economic Development and Digital Thematic Portfolio Update</b>	<b>7-18</b>
<b>6. Finance and Skills and Employability Thematic Portfolio Update</b>	<b>19-28</b>
<b>7. Transport Thematic Portfolio Update</b>	<b>29-36</b>
<b>8. Treasure Management Mid-Year Update 2021/22</b>	<b>37-44</b>

**9. Appointment of Deputy Head of Paid Service**

**45-48**

**10. Date and Time of Next Meeting:** 1 February 2021 at 2.00pm

Contact Assistant: Toby Ord Tel: 0191 424 7541

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## **Leadership Board**

### **DRAFT MINUTES TO BE APPROVED**

2 November 2021

(2.00pm – 2.40pm)

Meeting held in the Committee Room 2, Durham County Hall

#### **Present:**

**Councillors** Graeme Miller (Chair), Jim Foreman, Martin Gannon and Amanda Hopgood.

**Officers** Jonathan Tew (Chief Executive, South Tyneside Council), John Hewitt (Chief Executive, Durham County Council), Sheena Ramsey (Chief Executive, Gateshead Council), Patrick Melia (Chief Executive, Sunderland City Council), Lucy Winskell (North East LEP), Paul Darby (Chief Finance Officer, NECA), Nicola Robason (Monitoring Officer, NECA), Gavin Armstrong (Policy and Scrutiny Officer, NECA) and Toby Ord (Strategy and Democratic Services Assistant, NECA)

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

Apologies for absence were received from Cllr Tracey Dixon.

#### **2 DECLARATIONS OF INTEREST**

None.

#### **3 MINUTES OF THE PREVIOUS MEETING HELD ON 14 SEPTEMBER 2021**

The minutes of the previous meeting held on 14 September 2021 were approved as a correct record.

#### **4 ANNOUNCEMENTS FROM THE CHAIR AND/OR HEAD OF PAID SERVICE**

There were no announcements from the Chair or Head of Paid Service.

5 **ECONOMIC DEVELOPMENT AND DIGITAL THEMATIC PORTFOLIO UPDATE**

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

Cllr Foreman introduced the report which provided Members with an update on the economic developments within the NECA area.

Attention was drawn to the introduction of the UK Shared Prosperity Fund which is to succeed the European Structural and Investment Funds. It was noted that Local Government's need clarity on when this prosperity fund will be received and how much it entails.

Members noted that the Government has pledged to match the former European funding, however this is a nationwide fund, meaning NECA authorities may not see as much funding as previously.

Members were also made aware of the UK Community Renewal Fund offered by the Government to aid areas deemed 'in need', with Durham, Gateshead and South Tyneside named priority places. It was mentioned that Sunderland did not fit the assessment criteria for this fund due to the existence of Nissan and the economic benefit it provides.

It was also noted that digital connectivity within Durham is making positive progression toward wider gigabit capability.

**RESOLVED that: -**

- i. the report be noted.

6 **FINANCE AND SKILLS AND EMPLOYABILITY THEMATIC PORTFOLIO UPDATE**

Submitted: Report of the Finance and Skills and Employability Thematic Lead (previously circulated and copy attached to the official minutes).

Cllr Hopgood introduced the report which provided Members with an update on developments regarding finance and skills in the NECA region.

Members were made aware of a commissioned report produced by the Skills Advisory Panel which investigated skills shortages, specifically IT provision for people in the NECA region, noting that 33% of people had

basic Microsoft Office skills. This research exemplifies a requirement for upskilling within the NECA area.

As for unemployment, it was noted that the extent to which furlough ending has affected employment levels is yet to be seen; there may be a delay as seasonal and temporary contracts are offered over the Christmas period.

Attention was also drawn to a £500 million plan for job expansion, which would see support for those on low wages and over 50 to get back into work. It was noted that this scheme had so far been successful.

It was also mentioned that successes have been made in Government 'Levelling Up' bids, but not all regions have been so lucky. Furthermore, there has been positive but limited school funding advances.

Members commented on their disappointment with finances, stating that Local Government's are currently expected to provide for things without an allocated budget. Social care was said to be deteriorating due to this. It was asserted that this was not sustainable.

**RESOLVED that: -**

- i. the report be noted.

## 7 **TRANSPORT THEMATIC UPDATE**

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

Cllr Gannon introduced the report which provided Members on an update regarding transport services for the region, specifically bus and rail.

Members were made ware of new rail services provided by Lumo travelling between London and Edinburgh via Newcastle. As for further railway developments, it was mentioned that transport authorities are still waiting for more information on an Integrated Rail Plan which would provide significant investment into northern transport with the construction of:

- Transpennine Route Upgrade
- HS2
- Northern Powerhouse Rail

It was noted that HS2 is projected to supply York with high speed rail, however an announcement to integrate the North East is yet to come.

As for bus services, the proposed Bus Service Improvement Plan will ease air quality with the hopes of reducing a dependency on personal vehicles. Members were informed of a transport fund of £3.5 billion made available for Local Authorities by the Government, £804 million of which has been applied for; half of this sum would go towards new network of Park & Ride Schemes and express bus lanes; half would be subsidised to reduce the cost to consumers.

Members were made aware that the sum of £3.5 billion may be misleading and the actual sum available is not as much as previously believed, leading to doubt over receiving the requested sum.

**RESOLVED that: -**

- i. the report be noted.

## 8 CHAIR'S THEMATIC PORTFOLIO UPDATE

Submitted: Report of the Chair of the North East Combined Authority (previously circulated and copy attached to the official minutes).

The Chair delivered a verbal update outlining issues and successes throughout the NECA region.

Thematic Leads were thanked for their portfolio updates, with the Chair commending everyone involved for delivering robust plans and reports.

Attention was drawn to NECA's fulfilment of its green agenda, with Nissan's new electric vehicle hub being unveiled; an 100% renewable hub with digital developments which put NECA at the forefront of zero carbon manufacturing, a great feat as LA7's industrial hub.

As for the Chancellor's budget, it was noted that £4.8 billion is to be made available to Local Authorities spread across the next three years, along with additional funding to aid rough sleepers, fix potholes and improve road surfaces. It was noted, however, that there will not be any additional funding provided for adult social care.

**RESOLVED that: -**

- i. the update be noted.

9 **NECA LEADERSHIP BOARD BUDGET 2022/23**

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

Paul Darby provided Members with an overview of the 2022/23 NECA Leadership Board Budget and updates to the corporate budget.

It was noted that the forecasted corporate budget for 2022/23 isn't expected to change. A list of proposals were presented to the board for consultation.

**RESOLVED that: -**

- i. the report be noted.
- ii. the proposals in the report including the 2022/2023 proposed budget for NECA Corporate, including fulfilment of its Accountable Body Role for JTC be agreed for consultation.

10 **NECA COMMITTEE APPOINTMENT UPDATE**

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

Nicola Robason delivered an update which notified members of upcoming changes to NECA Audit & Standards and Overview & Scrutiny Committees.

It was noted that these changes come after a request from members to ensure political representation is equal across all NECA committees.

**RESOLVED that: -**

- i. the nominations for Membership of NECA Committees and Sub-Committees as set out in Appendix A and B be agreed.

11 **DATE AND TIME OF NEXT MEETING**

Tuesday 14 December 2021 at 2.00pm.

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## **EXCLUSION OF THE PRESS AND PUBLIC**

Under section 100A and Schedule 12A Local Government Act 1972, the press and public were excluded from the remainder of the meeting for consideration of Agenda Item 11 (NECA Pay and Grading Structure) and Item 12 (NECA Trade Union Recognition Agreement), because exempt information was likely to be disclosed and the public interest test against disclosure was satisfied.



## NECA Leadership Board

**Date:** 14<sup>th</sup> December 2021  
**Subject:** Economic Development and Digital Theme Update  
**Report of:** Economic Development and Digital Thematic Lead

### Executive Summary

The purpose of this report is to provide an update on activity and progress under the Economic Development and Digital (EDD) theme of the North East Combined Authority.

The report provides updates on economic recovery, announcements and implications from the Autumn Budget and an overview of inward investment trends and activities, all of which were discussed at the last EDD Advisory Board meeting in November.

The report suggests that the economy is recovering from the economic shock of the pandemic, but that such a recovery is at risk of being both uneven (with unemployment rates, for example, bouncing back faster in more affluent areas as opposed to our more disadvantaged wards) and of slowing down (due to the triple pressures of skills shortages, supply chain issues and inflationary pressures).

It points to reasons to be optimistic, particularly the leading role the area is playing in the move towards Net Zero, and pessimistic, predominately due to uncertainty in the labour market, skills shortages and the potential future issues impacting businesses, such as increased taxation.

Aligned to the recovery, the report outlines the key measures unveiled by the Chancellor at the 2021 Autumn Budget and Comprehensive Spending Review, which included reform of business rates and multi-year funding for local government, and looks at the implications, particularly around spending announcements (such as the Levelling Up and UK Community Renewal Funds).

Finally, the report concludes with an update on inward investment activity through Invest North East England and its focus upon sectors where NECA, and the wider North East, has comparative advantages, such as electrification, renewables, digital and North-Shoring.

### Recommendations

The Leadership Board is recommended to note the contents of the report.

## NECA Leadership Board

### 1.0 Background Information

1.1 This report provides an update on activity and progress under the Economic Development and Digital theme of the Combined Authority, specifically:

- Economic recovery;
- Autumn Budget and Comprehensive Spending Review
- Inward Investment

### 2.0 Economic Recovery

#### 2.1 *Current business and labour market picture*

The UK has seen a strong bounce back from the sharpest recession since 1930s and the projections of unemployment of around 10% nationally have been substantially revised down (to around 5%) given the success of the Furlough scheme and the bounce back amongst many sectors of the economy.

However, growth appears to be slowing due to the twin factors of inflationary pressures and supply chain issues (due to pent-up demand, global pressures and EU Exit), combined with the skills shortage and difficulty of employers in being able to fill what are now record levels of national vacancies. This situation is particularly acute in sectors such as health and social care and hospitality. GDP grew by 1.3% in July to Sept 2021, including contraction amongst manufacturing and construction, compared to 5.5% the quarter before.

Uncertainty remains about the upcoming months both in the labour market (given the end of the Furlough scheme and some indications of underemployment with companies restructuring and cutting hours rather than jobs) and amongst businesses. For the latter, particularly SMEs, the prospect of increasing taxation, ongoing difficulties recruiting and the increased costs of operation (both from taking on staff and due to energy costs and material shortages) is likely to continue into next year.

The impact upon the cost of living is also uncertain as it is likely interest rates will rise, along with energy and other costs at a time when the Universal Credit uplift also ended (impacting 121,500 NECA residents,

## NECA Leadership Board

including 43,000 in work). All these factors could prove to be a drag on growth in an economy that remains 2.1% below pre-pandemic levels.

The two main pressures – of skills shortages and inflationary pressures – appear to be particularly acute in the North East, as reinforced by recent North East Chamber of Commerce and Nat West surveys (the latter showing the region as having the slowest growth amongst all UK regions for the third consecutive month).

### 2.2. *Unemployment impact*

The immediate impact of the pandemic upon unemployment was significant, with the wider measure of unemployment rising from 6% in March 2020 to 6.8% in December 2020, considerably above the national average.

The unemployment claimant count in the NECA area leapt up from 4.7% in March 2020 to 7.9% in Autumn 2020, a rise of 56% and it was particularly pronounced amongst 18-24s (where it increased by over 4,000 people).

However, since the Spring, the Claimant Count has fallen by around 26% to 5.8% (circa 40,000 NECA residents) with particularly large falls amongst young people and those out of work for less than 6 months. Data for October saw the rate fall by 0.3%, encouraging given it was the first month after the end of Furlough, supporting findings by the Resolution Foundation that 88% of those in work in September remained that way in October.

18,600 NECA residents were on the Furlough scheme when it ended in September (down from 20,000 in August), particularly in manufacturing and hospitality. The Furlough cliff-edge appears to have been avoided, although the claimant count data does not capture all those out of work, nor does it reflect underemployment (with anecdotal evidence of some employers cutting hours rather than jobs).

There are worrying crowds on the horizons, including national and regional rises in economic inactivity, with a record rise of those not working due to ill health. This could potentially be a reflection of the mental health impact of the pandemic. There has also been a rise in

## NECA Leadership Board

those taking early retirement, again putting pressure on an already tightening labour market.

This is leading to two main impacts. Firstly, concerns that rates of unemployment have fallen faster in the more affluent areas across the NECA, and wider North East area, compared to our more disadvantaged places, pointing to a potentially uneven recovery. This is accentuated by persistently-high NEET rates, a rise in long-term unemployment (which has doubled nationally since the start of the pandemic) and high rates of over 50s unemployed.

The second impact is the labour market mismatch being felt nationally, regionally and in the NECA area. There is clearly a large demand for health and social care, education, manufacturing and professional roles, but employers are reporting real difficulties in recruiting and major skills shortages. This has been driven by the impact of the pandemic, the rise in logistics and distribution roles (and the incentives for workers to join these and other sectors, such as joining payments) and other factors.

This mismatch between record vacancy numbers but still high rates of unemployment, suggest a need to continue to focus upon skills development, re-skilling and up-skilling so that our residents can access those jobs available. It also points to the need to boost aspiration, change perceptions amongst certain careers (such as in the care sector) and to ensure targeted employability support is working.

### ***Wider recovery measures***

Footfall appears to be bouncing back towards pre-pandemic levels and, while different across the four local authority areas, is around 90% of those seen back in March 2020 in key retail and recreation sites. This is particularly the case for the night-time economy and rates over the Summer were high due to a boost from holiday makers.

Yet there are concerns about the future of high streets and city centres as levels of people in workplaces (as opposed to working from home) remain reduced and public transport footfall is down nearly a quarter from usual levels (road usage is above pre-pandemic rates).

Looking at it from a sector perspective, the impact of the pandemic and subsequent recovery is different by sector. For example, the automotive

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sector continues to feel the pressure from the semiconductor shortages hitting OEMS and supply chains across the country (but the North East has a huge opportunity from the new Gigafactory for Electric Vehicle batteries being built at the International Advanced Manufacturing Park), while construction is still impacted by material shortages and rising prices. Professional and business services and digital industries appear to be faring much better, epitomised by jobs being created by Just Eat in Sunderland.

In regard to trade, exports are recovering after the shock of EU Exit, although local authorities are continuing to press the message to businesses about the potential impact of the additional import control measures being brought in from Jan 2022.

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### 2.4 **Next steps**

The Local Authorities continue to monitor the economic picture and support businesses and residents. We will continue to monitor the impact of the pandemic upon the NECA economy and focus on economic recovery.

### 3.0 **Autumn 2021 Budget & Comprehensive Spending Review**

#### 3.1 **Key announcements**

The key announcements from the October Budget and Comprehensive Spending Review were as follows:

- *Finance*; Real-terms increases for departments and multi-year local government settlement
- *Minimum wage increase*, Universal Credit taper change and further Job Centre Plus support and Household Support Funds for local authorities
- *Levelling Up Fund Round 1* – Durham and Sunderland successful projects (around transport and construction). Round 2 is open in Spring.
- *Business Rates Reform* – Three year revaluations and relief for property and green investment
- *Skills*; Further investment in FE estate, Institutes of Technology and expanding Skills Bootcamps, while a new national numeracy project will begin shortly
- *Culture*; Additional funding and tax relief (inc Heritage Action Zone) and community sport
- *Transport*: Road maintenance and active travel funding plus Air Passenger Duty cut for regional flights.
- *Health*: Investment in Family Hubs to support early years development and further funding for NHS
- *Housing*; Commitment to affordable housing and brownfield land development funding
- *Green*; Funding for 100 pocket parks and £560m for local authorities for youth services
- *Business*: Extending Annual Investment Allowance for another year, more funding for British Business Bank and Global Britain Investment Fund (targeting offshore wind, automotive)

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### 3.2 *Implications*

The implications of these announcements, although it is early to assess the full impact of many of them, appear to be:

- *Three year LA settlement* will not cover all extra costs and demand pressures faced
- *Cost of living*: Welcome for increased minimum wage and UC improved taper, but no further support around cost of living and inflationary pressures (such as on energy costs)
- *Business rates*; Welcome freezing of business rates multiplier and 50% cut next year for Retail, Hospitality and Leisure firms, but disappointment about lack of an online sales tax to level the playing field with town centres
- *Net Zero*: Lack of a focus on Net Zero and support for LAs (such as on housing retrofit)
- *Skills*; More information needed on skills investment (welcome for the extra SEN school places)
- *UK Community Renewal (UKCRF) and Shared Prosperity Funds (UKSPF)*: 12 CRF projects (out of 477 across UK) for the LA7 area, only 6% of funds. Still no firm detail on level, priorities or process on SPF (concern around central approach – “further details later this year”)
- *Transport*: Five year city region funding (but not for North East due to Government concerns around governance) and concerns that Metro support will end in March 22 and no funding for the Leamside Line
- *Levelling Up Fund*: Disappointment about the lack of North East focus of Round 1 (5 projects compared to 17 in London and the South East)
- Plus no further detail on Levelling Up White Paper or future of LEPs (both expected to be published before Christmas).



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### 4.0 Inward Investment

#### 4.1 *Invest North East England update*

Invest North East England are the regional strategic inward investment resource who work on behalf of the North East LEP, seven Local Authorities and 2 Combined Authorities. They place significant focus upon partnership working, particularly with combined and local authorities, the Department for International Trade, Universities and the private sector.

#### 4.2 *Success stories*

The following chart shows the number of Foreign Direct Investment projects generated and jobs created across the North East since 2014, as well as UK projects and the number of jobs generated:

Sector	FDI Projects	UK Projects	Total Projects	FDI Jobs	UK jobs	Total Jobs
Software / IT	90	30	120	3532	507	4039
FPBS	48	65	113	4536	4263	8799
Energy	37	14	51	1842	378	2220
Life Sciences	34	12	46	734	439	1173
Automotive	56	8	64	2925	143	3068
Other Advanced Manufacturing	160	33	193	3376	1155	4531
Other (Retail /distribution)	13	8	21	1903	133	2036
<b>TOTAL</b>	<b>438</b>	<b>170</b>	<b>608</b>	<b>18,848</b>	<b>7,018</b>	<b>25,866</b>

As expected, 2020/21 was an extremely challenging year for inward investment as investors pulled back on making decisions or such locational decisions were put on hold.

However, there have been a number of successes this year including Just Eat in Sunderland, SSE/Equinor in South Tyneside, Envision and



## NECA Leadership Board

Nissan in Sunderland and South Tyneside and Amazon in Gateshead and Durham.

### 4.3 ***Current and future focus***

This year and going forward, Invest North East England are focusing particularly upon sectors where the region, and NECA, have considerable expertise, assets and competitive advantages. These are electrification (particularly around Electric Vehicles), renewables (especially offshore wind), life sciences and digital technology.

To help support this, a new campaign called Move On Up has been launched to maximise opportunities through the North-shoring of activity from the overheated South East to the North East.

Key elements of the campaign include digital adverts (include through LinkedIn), editorial and audio campaigns (such as in B-Daily and Insider Media), thought leadership pieces, a dedicated webpage and a new promotional video showcasing the region's strengths.

Invest North East England have continued to promote the region and the key business sectors, with activity including thought leadership pieces and blogs around electrification and life sciences and further website and social media content.

Invest North East England have continued to work with the Department For International Trade (DIT) to promote the region. In particular, the team have hosted webinars around the HPOs in Immersive Technology / Heat Networks (in partnership with Tees Valley) / Plant Based Products.

Invest North East England have attended a number of events in key sectors. Recent events include the Bionow Conference (INEE hosted a panel discussion on the life sciences sector in North East England), Immersive Arcade (Gateshead), Global Offshore Wind (London) and the North East Automotive Alliance Expo (Sunderland). Upcoming events include Offshore Wind North East (Sunderland).

## **NECA Leadership Board**

### **5.0 Reasons for the Proposals**

This report provides an update on Economic Development and Digital theme.

### **6.0 Alternative Options Available**

There are no alternative options associated with this report.

### **7.0 Next Steps and Timetable for Implementation**

A further update will be provided to the Board at subsequent meetings.

### **8.0 Potential Impact on Objectives**

The activities under the Economic Development and Digital theme will support NECA in its aims to promote economic growth and regeneration in the area.

### **9.0 Financial and Other Resources Implications**

There are no financial or other resource implications directly associated with this report as it is for information only.

### **10.0 Legal Implications**

There are no legal implications arising from this report.

### **11.0 Key Risks**

There are no specific risk management issues arising from this report.

### **12.0 Equality and Diversity**

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

### **13.0 Crime and Disorder**

There are no specific crime and disorder issues arising from this report.

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### 14.0 Consultation/Engagement

There are no specific consultation and engagement issues arising from this report.

### 15.0 Other Impact of the Proposals

There are no further impacts arising from the proposals.

### 16.0 Appendices

None

### 17.0 Background Papers

None.

### 18.0 Contact Officers

John Scott, Head of Economic Growth, South Tyneside Council  
[john.scott@southtyneside.gov.uk](mailto:john.scott@southtyneside.gov.uk)

Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council

#### Sign off

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

- **Glossary**

None.

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## Leadership Board

**Date:** November 2021

**Subject:** Finance, Skills & Employability- Thematic Update

### Executive Summary

This report seeks to provide an update on current Finance, Skills and Employability portfolio activity and the baseline position for a future 'Skills & Employment' ask for the North East Combined Authority.

Skills and Employment considerations builds on the wide-ranging activity already underway and provides an opportunity for the Combined Authority to take a lead of Employment & Skills services in the coming years.

Central to the Skills and Employability agenda are the issues of financing particularly the reliance on external funding as we approach the final stages of the current European Structural Investment Fund programme with little detail as yet as to the operation of the UK Shared Prosperity fund after the current Community Renewal Fund pilot exercise, alongside ensuring the ongoing development of good partnership and inter authority working arrangements that have been developed.

### Recommendations

The Leadership Board is recommended to receive this report for information.

#### 1. Background Information

- 1.1 Further to the agreed portfolio leads and the update provided to the Leadership Board in December, activity continues to progress all aspects of the Finance, Skills and Employment needs and opportunities across NECA. Identification of the main issues and progress being made under each element is as follows:

#### 2. Finance Theme

- 2.1 It is vital that the functions that NECA oversees as accountable body are properly resourced. The spending review announcements in November 2020 and the Finance Settlement that followed set out the resources that are available for local government for 2021/22. Budgets for NECA and the Joint Transport Committee were agreed in January / February for 2021/22,

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with indicative budgets set out for future years. Budget proposals for 2022/23 have been developed and presented to the Leadership Board and the JTC. These are now subject to consultation, with detailed budgets to be presented for agreement by the JTC in January 2022 and the Leadership Board in February 2022.

- 2.2 On Wednesday 27 October, HM Treasury published its Autumn 2021 Budget and three-year Comprehensive Spending Review for all government departments. It was announced that there will be a 3% real terms increase in local government funding. However, this potential rise in core spending power over the next three years will be dependent on councils increasing council tax by 3% per annum.
- 2.3 The first tranche of Levelling Up funding was announced, providing £1.7 billion of funding, much of which is for infrastructure. In the North East, £20m has been allocated for plans to better connect rural communities and restore and develop heritage sites and railways in County Durham; and £20m committed in Sunderland to support the development of a Housing Innovation and Construction Skills Academy and creation of new sustainable housing. The Spending Review states that the ‘Levelling Up’ White Paper will provide further information on the government’s plans to enable more areas to agree ambitious devolution deals, where there is local support, and to strengthen existing devolution arrangements to ensure local leaders can get on and deliver. The White Paper is expected to be published later this year.
- 2.4 Draft proposals for the NECA Corporate budget for 2022/23 and indicative estimates for 2023/24-2024/25 have been prepared and were reported to the Leadership Board at its last meeting in November. These indicate that contributions to the NECA Corporate Budget and the NECA budget for the fulfilment of the JTC Accountable Body role can be maintained at the current levels for 2022/23, although these will be subject to review for 2023/24 onwards as inflationary pressures, particularly relating to pay, have an impact on the NECA’s own budget.
- 2.5 There are significant budgetary pressures in relation to the North East JTC budgets, particularly the Transport levy in Tyne and Wear. This is largely as a result of reductions in passenger numbers on the Tyne and Wear Metro, which are not expected to recover to pre-pandemic levels over the next few years. Draft budget proposals for 2022/23 and the following two years were presented to the JTC in November and are now subject to consultation.
- 2.6 The North East JTC area was not allocated any of the City Region Sustainable Transport Settlement funding in this Spending Review, despite the government initially stating that a long-term settlement was available for the area. A CRSTS for the North East which could be valued between £600-

## Leadership Board

£650m is now dependent on agreeing governance arrangements including a directly elected mayor.

### 3. Skills Theme

#### 3.1 Platinum Jubilee Fund

3.1.1 To mark her Majesty the Queen's 70<sup>th</sup> (Platinum) Jubilee, The National Lottery Community Fund will Provide grants of up to £50,000 to 70 impactful community projects across the UK. The Platinum Jubilee Fund is now open for applications.

3.1.2 Funding programme key facts:

- Area: Available UK wide but projects do not need to be operating across the UK
- Suitable for: Small local voluntary or community organisations and groups
- £3.5m is available and they'll be offering grants of between £30,000 – £50,000
- 70 projects will receive funding
- Funded projects will have up to 2 years to deliver their activities from award
- Will not cover capital costs.

3.1.3 Projects to be aligned to one or more of their three areas of focus:

1. Across Generations – Strengthening relationships between generations and creating a legacy for future generations
2. Community Renewal – Supporting new opportunities for people to develop skills and experiences in their local community, as well as opportunities to bring people together in new ways, and in new or different places and spaces
3. Our Shared Natural World – Deepening our care and action locally for the natural world.

3.1.4 Funded projects will need to be up and running by Her Majesty The Queen's Platinum Jubilee Central Weekend on 5 June 2022. Final decisions on which projects to fund will be made in Spring 2022.

3.1.5 The Platinum Jubilee Fund will offer eligible groups funding for activities that meet at least two of the following criteria:

- connects people across generations through doing activities together

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- makes use of significant local sites or spaces – parks, heritage buildings, community spaces etc.
- considers future generations and how the Jubilee can leave a legacy for them in the community
- creates new opportunities for the people that live locally to contribute and/or to build skills and experience
- starts something new (a set of activities, a group, a community space, a service, a network) that marks the Jubilee as a turning point in the community
- is designed and led by young people who want to be more active in shaping the future of their communities
- starts collective action in relation to the natural world locally – giving more people the opportunity to care for the planet at a local level

### 3.1.6

Prioritise applications from groups who:

- have not received funding from them before
- do not have a current award with them
- are smaller or medium-sized organisations or groups with an annual turnover of under £100,000
- or are organisations that can demonstrate to them that they have significant reach into communities and are able to engage a large number of people to get involved
- work in communities where there is a history of fewer funding opportunities
- work in areas where they know communities face challenging economic circumstances.



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### 4 Employment Theme

#### 4.1. Budget Announcement

4.1.1 On 27 October, the Chancellor delivered the Autumn Budget and Spending Review for 2021, setting out how opportunities will be levelled up as the UK rebuilds back from the pandemic.

4.1.2 Cut to the Universal Credit taper rate, and Universal Credit Work Allowance increased

The taper rate means that if people increase their earnings, by working more hours for example, their Universal Credit is gradually reduced. The current taper rate is 63p, meaning for every £1 a person earns after tax, their Universal Credit is reduced by 63p.

The Chancellor announced that the Government is cutting the taper rate by 8p, from 63p to 55p, ensuring more money in people's pockets.

The Work Allowance allows some households to earn a set amount before the taper rate kicks in. This is generally for households on Universal Credit who are in work and either looking after a child or have a household member with limited capability for work.

Work Allowances are currently set at £293 a month if the household receives housing support, or £515 if they do not receive housing support. These are both being increased by £500 per year.

Both of these changes will be implemented from December 2021, and together will benefit 1.9 million households who will on average keep around an extra £1,000 a year. The changes apply across Great Britain, and the Northern Ireland Executive will be funded to match them.

4.1.3 UK Shared Prosperity Fund

The UK Shared Prosperity Fund (UKSPF), worth over £2.6 billion, will give funding to local areas to help people get better skills and to get on in life. The fund will help people access opportunity in places in need, such as ex-industrial areas, deprived towns and rural and coastal communities.

The first priority for the UKSPF will be boosting skills through a locally-delivered new adult numeracy programme called Multiply. This will receive £560m between

## Leadership Board

2021-24 to help hundreds of thousands of adults across the UK improve their maths. It will also support a wider range of local priority programmes.

The UKSPF will at a minimum match the size of EU Funds received previously in all nations, each year. The Government will also match current EU funding levels in Cornwall.

Further details will be set out later this year.

### 4.1.4 Supporting disabled people into work

To support disabled people into work, the Government confirmed as part of the Spending Review that it is providing specialised disability employment support worth over £1.1bn over the next three years, including an additional £156m over the SR period for health and disability support with a focus on additional work coaches.

This is alongside the Work and Health Programme which will continue to provide personal support to disabled people to find jobs that match their employment and health needs, and the Access to Work scheme which will continue to help cover the costs of workplace adaptations, special equipment and travel.

### 4.1.5 Helping people into work and making work pay

The Government is increasing the National Living Wage from £8.91 per hour to £9.50 per hour from April 2022 for over 23s.

The Government will also continue supporting people into work with over £6 billion of funding for DWP over the next three years to help people earn more and gain the right skills. There will be targeted additional support for groups needing extra help to get into work and progress. This includes the following:

- workers who have left the furlough scheme and are making a UC claim who will be prioritised through the Job Finding Support scheme. They will receive online, tailored, one-to-one support, recruitment advice from a skilled adviser, support with CVs and a mock interview.
- older workers – those over 50 - will benefit from additional support, including better information and guidance on later life planning, and help to plan their career and remain in work. For those who have lost their jobs, this funding will ensure that older job seekers on Universal Credit receive more intensive, tailored support.

## Leadership Board

### Explaining UK Wage Rates

	THE MINIMUM WAGE <small>Government minimum for under 23s</small>	NATIONAL LIVING WAGE <small>Government minimum for over 23s</small>	REAL LIVING WAGE <small>The only wage rate based on what people need to live</small>
WHAT IS IT?	£8.36	£8.91	£9.50 across the UK and £10.85 in London
IS IT THE LAW?	Statutory	Statutory	Voluntary
WHAT AGE GROUP IS COVERED?	21 and older	23 and older	18 and older
HOW IS IT SET?	Negotiated settlement based on recommendations from businesses and trade unions	A % of medium earnings, it aims to reach 66% of median earnings by 2024.	Calculation made according to the cost of living, based on a basket of household goods and services
IS THERE A LONDON WEIGHTING?	No London Weighting	No London Weighting	Yes - Separate higher rate for London

#### 4.2 Kickstart Scheme

4.2.1 Over 100,000 young people across the country have now started jobs through the government’s landmark Kickstart Scheme.

4.2.2 Launched as part of the government’s Plan for Jobs, Kickstart has helped young people in all corners of the country to develop new skills, build confidence, and get a crucial first foot on the career ladder, with jobs at a huge range of UK employers including Yorkshire Water, Pinewood Studios, JD Sports, EFL football clubs, and SeaGrown, the UK’s first offshore seaweed farm.

4.2.3 An average of over 3,400 young people started Kickstart jobs each week over the last month, with the scheme recently extended to give even more young people the platform for future career success

## Leadership Board

### 5. Next Steps and Timetable for Implementation

5.1 Employment & Skills issues and opportunities for development remain under development through meetings of the Skills and Employment Working Group.

### 6. Potential Impact on Objectives

6.1 This report is for information only.

### 7. Financial and Other Resources Implications

7.1 There are no additional financial implications as this report is for information only.

### 8. Legal Implications

8.1 There are no specific legal implications arising from this report.

### 9. Key Risks

9.1 This report is for information.

### 10. Equality and Diversity

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

### 11. Crime and Disorder

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

### 12. Consultation/Engagement

12.1 Economic Directors have been fully consulted on the contents of this paper

### 13. Other Impact of the Proposals

13.1 There are no other impacts arising from this report

### 14. Appendices

14.1 None

## Leadership Board

### 15. Background Papers.

15.1 Thematic Portfolio Update January 2021

### 16. Contact Officers

16.1 Amy Harhoff, Corporate Director Regeneration Economy & Growth,  
[Amy.Harhoff@durham.gov.uk](mailto:Amy.Harhoff@durham.gov.uk) Tel: 03000 267330

### 17. Sign off.

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

### 18. Glossary

18.1	CJRS	Coronavirus Job Retention Scheme
	DWP	Department for work and Pensions
	ESFA	Education and Skills Funding Agency
	JETS	Job Entry Targeted Support
	JSA	Job Seekers Allowance
	UKSPF	UK Shared Prosperity Fund



## Leadership Board

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**Date:** 14/12/2021

**Subject:** Transport Thematic Lead Portfolio Update Report

**Report of:** Thematic Lead For Transport

### Executive Summary

The purpose of this report is to provide an update on various transport matters of relevance to the NECA area.

### Recommendations

The Leadership Board is recommended to note the contents of this report.

## 1. Background Information

1.1 This report provides an update on transport issues affecting the NECA area.

### Rail

1.2 The Government publishes its long-awaited government's Integrated Rail Plan for the North and Midlands (IRP) on 18th November 2021. The outcome of the IRP for the region is very disappointing as the North East is no longer proposed to be connected to the UK's future high speed rail network. The IRP also rules out government investment in the Leamside Line as a means of adding capacity to the East Coast Main Line (ECML).

1.3 The IRP does however discuss more limited potential improvements to the existing ECML route in our region, as well as committing to a £96bn package of major investments to upgraded and new railway routes elsewhere in the North and Midlands. It also suggests that the Leamside Line could be part of a "future city region settlement". This would essentially mean the Councils funding the scheme themselves from any regional settlement, potentially leaving little for other initiatives.

1.4 Concerns remain about possible negative economic consequences for the region given that rail connectivity will be transformed between many English centres, but the North East will be almost untouched by these benefits.

1.5 In addition, in late October the Government also announced the results of the latest round of bidding for the Restoring Your Railway Fund. Of seven bids in the region, only the proposal to fund feasibility work on reopening the Darlington - Weardale line to passenger services was successful. The unsuccessful bids in the NECA area were for further funding to develop proposals to:

- To reinstate Bensham Curve and line to Team Valley (and potentially Chester le Street)
- To reinstate the Leamside Line for passenger services

1.6 Transport North East will be taking all the above into account as they continue to develop the North East Rail and Metro Strategy on behalf of the North East Joint Transport Committee. It is expected that a draft will be presented to the JTC in the new year with public consultation to follow.

### Buses

1.7 Further to previous reports, the North East Bus Service Improvement Plan (BSIP) was approved by the North East Joint Transport Committee on 26<sup>th</sup> October and subsequently submitted to Government.

1.8 Work is ongoing to develop a formal Enhanced Partnership (EP) with operators. This needs to be in place by April 2022 if the region is to have the opportunity of tapping into future funding for both the support of services and improvement of infrastructure.

1.9 A draft EP will be presented to the North East Joint Transport Committee in December with a view to consultation taking place with operators and then stakeholders and the public.



## **Tyne Tunnel**

- 1.10 The Tyne Pass Scheme, introducing barrierless travel for Tunnel users, came into full operation on 8<sup>th</sup> November 2021. The scheme is designed to modernise the payment system and bring significant environmental benefits in terms of reduced vehicle emissions and improved air quality.

## **2. Proposals**

- 2.1 This report is for information only. Therefore no decisions are contained in this report.

## **3. Reasons for the Proposals**

- 3.1 This report is for information purposes only.

## **4. Alternative Options Available**

- 4.1 Not applicable to this report.

## **5. Next Steps and Timetable for Implementation**

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

## **6. Potential Impact on Objectives**

- 6.1 Sustaining an effective public transport system will be critical to NECA in delivering its objective to maximise the area's opportunities and potential. In addition to this continuing investment in the projects and programmes outlined above will help ensure the area has a transport system capable of meeting current and future challenges.

## **7. Financial and Other Resources Implications**

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

## **8. Legal Implications**

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

## **9. Key Risks**

- 9.1 Various risks exist in relation to the impacts that a failure to achieve the region's aspirations for improving transport would have on wider economic and environmental objectives.

## **10. Equality and Diversity**

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

## **11. Crime and Disorder**

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

## **12. Addressing Geographic Diversity:**

- 12.1 The continued provision of bus and other public transport services to more sparsely populated areas remains important to meeting the future needs of these areas.

## **13. Climate Change/Environmental Sustainability**

- 13.1 Transport remains a major source of carbon dioxide and other pollutants. Sustaining effective public transport networks and investing in alternatives to the private car as well as Electric Vehicles are important to achieving further reductions in carbon emissions.

## **14. Consultation/Engagement**

- 14.1 Not applicable.

## **15. Other Impact of the Proposals**

- 15.1 No specific impacts.

## **16. Appendices**

- 16.1 Not applicable.

## **17. Background Papers**

17.1 Not applicable.

**18. Contact Officers**

18.1 Sheena Ramsey

**19. Sign off**

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

**20. Glossary**

North East Joint Transport Committee – the formal decision making body in terms of transport strategy, covering both the NECA and North of Tyne areas.

# NORTH EAST JOINT TRANSPORT COMMITTEE

To: All Members of the Joint Transport Committee and Gateshead Council  
LA7 Leaders and Elected Mayor

Civic Centre  
Regent Street  
Gateshead  
NE8 1HH

19 August 2021

Dear Colleague

## **Bus Partnership update**

I am writing to update you on the next steps in developing a Bus Partnership for the North East, and to ask for your assistance both in leading your Council's input into the work, and in ensuring that your Cabinet Members have access to appropriate briefings.

Firstly I would like to thank you for the financial support that your Council has provided to allow a project team to be established swiftly, and for your active participation at the Joint Transport Committee that unanimously agreed to develop a bus partnership with operators.

The Covid-19 pandemic has put our public transport services and our transport objectives at risk. Ridership levels – and therefore income from fares – are way below pre-pandemic levels. Central government support has kept the buses and the Metro running until now because of their role as an essential service, but the government has been clear that this support will cease at the end of this financial year. We do not expect ridership to recover quickly enough to make services viable without further financial support, and we therefore need to act in order to preserve services.

The bus network has always been essential in the North East. Before the Covid-19 pandemic there were over 160m bus journeys each year in our region. Almost a third of our households have no access to a car, and for many people in one-car households the bus is their lifeline to get to work, education, health and social inclusion.

The North East Transport Plan that we approved earlier this year set out our shared transport objectives of: achieving carbon neutrality; overcoming inequality and growing our economy; improving public health; and offering appealing sustainable transport choices through a safe and secure network.

Throughout this year we have talked about the need for a new approach to buses. If we are to deliver on our ambitions to move towards net zero carbon emissions, to clean up the air we breathe, and to make sustainable travel an affordable and realistic choice for everyone, we need to change the way that buses work for our communities. We also need to change the way that we work with the bus industry.

In July the Joint Transport Committee agreed a Vision for Buses setting out our ambition for:

- An enhanced network that is simple and easy to understand;
- Faster and more reliable journey times;

- A simple and flexible fares structure;
- Better integration between modes;
- More early morning and evening services;
- Clear and consistent information that is easy to access;
- Improved safety and security;
- Cleaner and greener vehicles
- Improved connectivity beyond our boundaries;
- A first-class customer experience.

In July we also agreed to work with local bus operators through an Enhanced Partnership which will allow us to bid into a £3bn government fund. Members unanimously supported the proposal to draw up a strong proposal which will be in a document known as a Bus Service Improvement Plan (“BSIP”). The government fund is tied to a new National Bus Strategy published earlier this year, and our BSIP is effectively a bidding document that will need to convince the government that our plans are ambitious, credible, effective and deliverable.

We will of course continue to make the case for adequate government funding for bus services as matter of principle, directly and through the collective bodies like the Local Government Association and the Urban Transport Group. However, the government has been very clear that emergency Covid-19 funding support for buses will cease at the end of this financial year, and it seems increasingly likely that the only route to securing new funding for buses will be through grants awarded through the BSIP process.

It is therefore of the utmost importance that we present the strongest possible BSIP and secure the biggest possible share of the £3bn that we can. The funding will support not only our ambitions for a better bus system, but it will also be needed to provide essential relief as the bus network continues its recovery from the effects of the pandemic. The alternative we face is almost certain wide-spread cuts to services that will damage our communities.

To develop a strong BSIP that will truly make a difference to how buses operate we will need the leadership and support of you and your Cabinet colleagues, along with officers responsible for local highways and transport.

Extensive priority will need to be given to buses on our area’s roads, particularly on the approaches to centres of population, in order to speed up bus journeys and make them more reliable. This will see the introduction of more bus lanes and more bus-only roads and access gates across the region.

Road junctions at key points on the bus network will prioritise buses both in their physical design and in how traffic signals are phased. We will need to critically appraise parking charges and policies to make sure that buses are a competitive and attractive way to travel for both work and leisure. We will also need to make sure that parked cars do not prevent people from boarding buses or make it difficult for buses to pass through narrow roads in villages and estates.

The bus operators will of course have to make very significant improvements of their own as part of the package. They will need to make fares both affordable and integrated; buses will need to be of the highest standard in appearance, comfort, and environmental performance; and timetables will need to be designed to support communities across the area, rather than focusing on the most profitable routes.

I recognise that such changes will need to be considered very carefully, in consultation with the communities affected and considering the views of, and impact on, all road users. However, it is equally important to stress that without wide-ranging improvements of this nature our BSIP may not attract significant funding and our bus network will shrink as a result.

Officers from Transport North East and the LA7 Councils are working in partnership with bus operators to develop the BSIP. I would encourage everyone with a stake in a successful bus network successful to pro-actively feed ideas into the development of the BSIP.

In September we will review the first draft of our BSIP. I have asked my officers to ensure that, following the Joint Transport Committee briefing, every Council's Cabinet is offered a full briefing on the local implications. I would like to request your assistance in arranging this briefing so that your colleagues can gain a better understanding of what is being proposed and its possible benefits and impacts on the residents in your area.

The North East is already suffering from a car-dominated recovery with traffic levels consistently higher throughout the day than before the pandemic. Our leadership in the coming months will be essential to ensure that this is only a short-term effect and that public transport is able to play its full part in supporting a green economic recovery for the North East.

There are, unfortunately, no other avenues open to us at present if we want to secure funding to support and grow the bus network. Franchising is a possible long-term option which we will keep under review, but it is a very complex and lengthy process even for those Combined Authorities which have the legal powers to introduce a scheme themselves – and we do not. In any case bus-friendly highway and parking policies such as those I highlight above will still be necessary for the bus network to be successful, regardless of the system of governance.

If you would like to discuss this letter in person, I would be delighted to speak to you about it. I will also ask officers to make contact with your office to arrange a briefing of Cabinet Members as discussed above.

Yours sincerely

**Councillor Martin Gannon**  
**Chair of the North East Joint Transport Committee**  
Copied to: Transport Strategy Board

**Date:** 14 December 2021

**Subject:** Treasury Management Mid-Year Update

**Report of:** Chief Finance Officer

### **Executive Summary**

This report provides a summary of NECA's treasury position, borrowing activity, investment activity, treasury management and prudential indicators.

NECA held £170.333m in borrowing and had £82.714m cash balances invested at 30 September 2021. During the half year period, borrowing of £0.334m was repaid on equal instalment of principal (EIP) loans, and no new additional borrowing was taken out.

All investments have been undertaken in line with both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and government guidance which requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.

During the half year period to 30 September 2021, NECA has complied with Treasury Management Indicators relating to interest rate exposure, maturity structure of borrowing and sums invested for more than one year. NECA has also complied with Prudential Code Indicators which relate to the capital programme and how much the Authority can afford to borrow.

### **Recommendations**

The Leadership Board is recommended to note the report.

## 1. Background Information

- 1.1 Treasury management is defined as ‘the management of the local authority’s investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks’.
- 1.2 NECA operates a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, with a main aim of providing sufficient liquidity, ahead of the achievement of the best possible investment returns.
- 1.3 The second main function of the treasury management service (provided for NECA by Durham County Council under a service level agreement) is to arrange the funding of the Authority’s capital programme. The capital programme provides a guide to the borrowing need of the Authority, and there needs to be longer term cash flow planning to ensure capital spending requirements can be met. The management of longer term cash may involve arranging long or short term loans, utilising longer term cash flow surpluses and, occasionally, debt restructuring to meet NECA risk or cost objectives.
- 1.4 NECA adopts the latest CIPFA Code of Practice on Treasury Management (the Code) which is regarded as best practice in ensuring adequate monitoring of its capital expenditure plans and its Prudential Indicators (PIs).
- 1.5 This mid-year report provides a summary of the following:
  - a) Summary treasury position;
  - b) Borrowing activity;
  - c) Investment activity;
  - d) Treasury management indicators;
  - e) Prudential code indicators.

## 2. Proposals

### Summary Treasury Position

- 2.1 NECA’s debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security for investments, and to manage risks within all treasury management activities.
- 2.2 At the beginning and mid-year point of 2021/22, NECA’s treasury position was as follows:



	1 April 2021	Rate /Return	Average Life	30 Sept 2021	Rate /Return	Average Life
	£m	%	years	£m	%	Years
<b>Total Debt</b>	170.667	4.24	41.7	170.333	4.24	41.1
<b>Total Investments</b>	67.850	0.07	0.6	82.714	0.157	0.8
<b>Net Debt</b>	<b>102.817</b>			<b>87.619</b>		

- 2.3 As at 30 September 2021, NECA had £170.333m of borrowing and £82.714m of cash balances invested. The main factor in the increase in cash balances over the period has been the front loading of Government grants.

### Borrowing Activity

- 2.4 At 30 September 2021, NECA held £170.333m of loans, a decrease of £0.334m from the start of the year. The mid-year borrowing position and the change since the start of the year is shown in the following table:

	1 April 2021 Balance	In-year Movement	30 Sept 2021 Balance	Average Rate	30 Sept 2021 Average Life
	£m	£m	£m	%	years
Public Works Loan Board	81.667	0.334	81.333	4.09	29.2
Private Sector	89.000	0.000	89.000	4.39	52.3
<b>Total Borrowing</b>	<b>170.667</b>	<b>0.334</b>	<b>170.333</b>	<b>4.24</b>	<b>41.1</b>

- 2.5 The only movement during the year was the repayment of £0.334m on an EIP loan, with no new borrowing taken out during the period.

### Investment Activity

- 2.6 NECA continues to temporarily invest cash balances, representing monies received in advance of expenditure plus balances and reserves held. During the half-year to 30 September 2021, investment balances ranged between £67.850m and £82.714m.

2.7 As at 30 September 2021, NECA held balances and investments totalling £82.714m. The following table provides a breakdown of these investments split by the type of financial institution and maturity period:

Financial Institution	0-3 months	3-6 months	6-12 months	Total
	£m	£m	£m	£m
Banks	22.714	0.000	25.000	47.714
Building Societies	0.000	0.000	15.000	15.000
Other Local Authorities	0.000	0.000	0.000	0.000
Money Market Funds	20.000	0.000	0.000	20.000
<b>Total</b>	<b>42.714</b>	<b>0.000</b>	<b>40.000</b>	<b>82.714</b>
% of total	51.6%	0.0%	48.4%	100.0%

2.8 NECA’s investment policy is governed by Department of Levelling Up, Housing and Communities (DLUHC) guidance, which has been implemented in the annual investment strategy approved by the Leadership Board on 2 February 2021. Both the CIPFA Code and government guidance require NECA to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. NECA’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

### Treasury Management Indicators

2.9 There are three debt related treasury activity limits which are designed to manage risk and reduce the impact of an adverse movement in interest rates.

2.10 **Interest Rate Exposures:** This indicator is set to control NECA’s exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal invested was:

	30 Sept 2021 Actual	30 Sept 2021 Actual	2021/22 Limit	Complied
Upper limit on fixed interest rate exposure	£170.333m	100%	100%	✓
Upper limit on variable interest rate exposure	£0m	0%	70%	✓

2.11 **Maturity Structure of Borrowing:** This indicator is set to control NECA's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing were:

	Lower Limit	Upper Limit	30 Sept 2021 Actual	Complied
Under 12 months	0%	20%	£0.667m	✓
12 months to 2 years	0%	40%	£0.667m	✓
2 years to 5 years	0%	60%	£2.000m	✓
5 years to 10 years	0%	80%	£0.000m	✓
10 years and above	0%	100%	£167.00m	✓

2.12 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control NECA's exposure to the risk of incurring losses by seeking early repayment of its investments:

	Limit	As at 30 Sept 2021	Complied
Actual principal invested beyond one year	£75m	£0m	✓

## Prudential Code Indicators

2.13 The Local Government Act 2003 requires NECA to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow.

2.14 The objective of the Prudential Code is to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good

professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2.15 **Capital Expenditure:** The table below summarises planned capital expenditure and financing when the 2021/22 budget was set in February 2021 (relating to the Joint Transport Committee, in NECA's role as Accountable Body), and compares it to the estimated full year outturn position as at 30 September:

	<b>2021/22 Original Estimate</b>	<b>2021/22 Estimate at 30 Sept 2021</b>	<b>Difference</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Capital Programme</b>	152.674	157.510	4.836
Financed by:			
Capital Grants	147.174	153.499	6.325
Revenue and Reserves	5.500	4.011	(1.489)
<b>Net borrowing financing need for the year</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

2.16 **Actual Debt:** NECA's actual debt at 30 September 2021 is as follows:

	<b>1 April 2021 Actual</b>	<b>30 Sept 2021 Actual</b>	<b>Difference</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borrowing	170.667	170.333	(0.334)

2.17 **Operational Boundary:** This is the limit beyond which external borrowing is not normally expected to exceed. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

	<b>2021/22 Original Estimate</b>	<b>Actual at 30 Sept 2021</b>	<b>Complied</b>
	<b>£m</b>	<b>£m</b>	
Borrowing	205.000	170.333	✓

2.18 **Authorised Limit for external borrowing:** This represents a control on the maximum level of borrowing and is a statutory limit determined under section 3 (1) of the Local Government Act 2003. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

	<b>2021/22 Original Estimate</b>	<b>Actual at 30 Sept 2021</b>	<b>Complied</b>
	<b>£m</b>	<b>£m</b>	
Borrowing	210.000	170.333	✓

### 3. Reasons for the Proposals

3.1 It is a requirement of NECA’s Treasury Management Strategy to present a mid-year update to Members, and this report fulfils that requirement.

### 4. Alternative Options Available

4.1 This report is for information with no decision required.

### 5. Next Steps and Timetable for Implementation

5.1 The Treasury Management Strategy for 2022/23 and future years will be presented to the Leadership Board for approval along with the budget at its meeting on 1 February 2022.

### 6. Potential Impact on Objectives

6.1 There are no impacts on objectives arising from this report which is for information.

### 7. Financial and Other Resources Implications

7.1 The report details NECA’s cash management, loans and investment activity during 2021/22 in the first half of the year to 30 September 2021. The report also provides the overall financing of NECA’s capital expenditure along with borrowing and investment income returns.

### 8. Legal Implications

8.1 There are no legal implications arising from this report which is for information. NECA must have regard to CIPFA’s Prudential Code for Capital Finance in Local Authorities when determining how much money it can afford to borrow, as required by the Local Government Act 2003.

## 9. Key Risks

- 9.1 Both the CIPFA Code and government guidance require NECA to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. NECA's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

## 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 There are no consultation requirements arising from this report.

## 13. Other Impact of the Proposals

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

## 14. Appendices

- 14.1 None

## 15. Background Papers

- 15.1 NECA Treasury Management Strategy – Leadership Board 2 February 2021  
[Leadership-Board-2-February-2021-Agenda-Pack.pdf \(northeastca.gov.uk\)](#)

## 16. Contact Officers

- 16.1 Eleanor Goodman, NECA Finance Manager,  
[Eleanor.goodman@northeastca.gov.uk](mailto:Eleanor.goodman@northeastca.gov.uk), 0191 433 3860

## 17. Sign Off

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

**Date: 14 December 2021**

**Subject: Appointment of Deputy Head of Paid Service**  
**Report of: Monitoring Officer (Core)**

### **Executive Summary**

This report seeks agreement to the appointment of Jonathan Tew (Chief Executive, South Tyneside Council) to the role of Deputy Head of Paid Service to the North East Combined Authority (NECA). George Mansbridge has been acting as a Deputy Head of Paid Service in his then role of Interim Head of Paid Service for South Tyneside Council – it is appropriate to now replace him in this role with Jonathan Tew in role as the Chief Executive of South Tyneside Council.

### **Recommendations**

The Leadership Board is recommended to:

- i. Agree to the appointment of Jonathan Tew (Chief Executive, South Tyneside Council) to the role of Deputy Head of Paid Service to the North East Combined Authority (NECA).

## **1. Background Information**

- 1.1 The North East Combined Authority (NECA) was created pursuant to the Local Democracy, Economic Development and Construction Act 2009 and by the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014, which came into force on 15 April 2014.
- 1.2 On the 2 November 2018, the boundaries of NECA were amended to cover the Local Authorities of Durham, Gateshead, South Tyneside and Sunderland and on 13 November 2018, NECA was reconstituted accordingly.

## **2. NECA Proper Officers/Senior management**

- 2.1 The following officers from constituent authorities currently form the senior management of NECA:
  - Head of Paid Service - Patrick Melia (Chief Executive, Sunderland City Council)
  - Deputy Heads of Paid Service – John Hewitt (Chief Executive, Durham County Council); George Mansbridge (South Tyneside Council – acted in the role as interim Head of Paid Service)
  - Lead Chief Executive on Transport – Sheena Ramsey (Chief Executive, Gateshead)
  - Chief Financial Officer - Paul Darby (Corporate Director of Resources, Durham County Council)
  - Monitoring Officer (Core NECA) – Nicola Robason (Director of Governance & Corporate Affairs, South Tyneside Council)
  - Monitoring Officer (Transport) – Mike Barker (Strategic Director Corporate Services and Governance, Gateshead Council)
- 2.2 Historically Chief Executives of constituent authorities fill the roll of the Deputy Heads of Paid service. As Jonathan Tew has been appointed the new Chief Executive of South Tyneside Council it is appropriate to confirm him in the role of Deputy Head of Paid Service for NECA – replacing George Mansbridge.

## **3. Proposals**

- 3.1 The Leadership Board is invited to approve the proposed appointment of Deputy Head of Paid Service.



#### **4. Reasons for the Proposals**

- 4.1 The proposals will enable NECA to operate effectively and in accordance with all applicable law and NECA's Constitution.

#### **5. Alternative Options Available**

- 5.1 **Option 1:** The proposals as set out in the recommendation.

**Option 2:** To not appoint a Deputy Head of Paid Service.

#### **6. Next Steps and Timetable for Implementation**

- 6.1 The appointment will be published on NECA's website as soon as practicably possible.

#### **7. Potential Impact on Objectives**

- 7.1 The appointments will enable NECA to properly discharge its functions, thereby assisting in the delivery on its objectives

#### **8. Financial and Other Resources Implications**

- 8.1 The provision of the support arrangements for NECA is contained within the existing financial resources available to NECA.

#### **9. Legal Implications**

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

#### **10. Key Risks**

- 10.1 There are no specific risk management implications arising from this report.

#### **11. Equality and Diversity**

- 11.1 There are no specific equality and diversity implications arising from this report, however, the Leadership Board will be mindful of the advantages of gender balance on boards and committees.

#### **12. Other Impact of the Proposals**

12.1 The proposals comply with the principles of decision-making. The proposals would enable NECA to properly discharge its functions, therefore assisting NECA in delivering on its objectives.

### **13. Appendices**

13.1 None.

### **14. Background Papers**

14.1 None

### **15. Contact Officers**

15.1 Nicola Robason, Monitoring Officer (Core)  
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### **16. Sign off**

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

### **17. Glossary**

NECA – North East Combined Authority