

**NORTH  
OF TYNE**  
~~~~~  
**COMBINED  
AUTHORITY**

## **Overview and Scrutiny Committee**

Thursday, 14 February 2019 at 10.00 am

Meeting to be held: North Tyneside Council, Cobalt Business Park, The Quadrant, The Silverlink North, Newcastle upon Tyne, NE27 0BY

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## **AGENDA**

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|-----------------------------------------------------------------------|----------------|
| 1. <b>Welcome and introductions</b>                                   |                |
| 2. <b>Declarations of Interest</b>                                    |                |
| 3. <b>Minutes of the Meeting held on 17 December 2018</b>             | <b>1 - 4</b>   |
| 4. <b>Home of Ambition - North of Tyne Combined Authority</b>         | <b>5 - 18</b>  |
| 5. <b>Report to Cabinet on Investment Fund Update</b>                 | <b>19 - 26</b> |
| (a) <b>Investment Fund - Brexit Update</b>                            | <b>27 - 32</b> |
| 6. <b>North of Tyne Combined Authority Budget Proposals 2019-2020</b> |                |

Members are requested to note the intention to circulate the above report on a supplemental agenda in accordance with the provisions of the Local Government (Access to Information) Act 1985

7. **Date and time of next meeting**

21 March 2019 at 2.00pm

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North Tyneside Council



Northumberland  
County Council

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## Overview and Scrutiny Committee

17 December 2018

(2.00 - 2.40 pm)

Meeting held Committee Room, Civic Centre, Newcastle, NE1 8QH

### Draft Minutes

#### Present:

Councillor: Cllr G Roughead (Chair)

Councillors: S Fairlie, A Lower, L Wright, M Hall, G Bell, G Stewart, G Davey and S Cox

#### 1 WELCOME AND INTRODUCTIONS

The Monitoring Officer welcomed everyone to the meeting and introductions were provided.

Apologies for absence were received from Cllr Graham with Cllr Cox in attendance as substitute.

#### 2 APPOINTMENT OF CHAIR AND VICE-CHAIR FOR THE MUNICIPAL YEAR 2018/19

The Monitoring Officer confirmed that Cabinet had given delegated authority to the scrutiny committee to elect its Chair and Vice-Chair, with legislation requiring the appointment of Chair to be a party other than that of the interim Mayor.

In discussion it was **RESOLVED** that –

- i) Cllr Roughead be appointed as Chair.
- ii) Cllr Wright be appointed as Vice-Chair.

#### 3 DECLARATIONS OF INTEREST

None.

The Chair reminded members to return their annual declarations of interest.

#### **4 OVERVIEW OF THE AUTHORITY'S SCRUTINY ARRANGEMENTS**

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

John Softly presented the report which highlighted the relevant sections of the constitution that apply to the scrutiny committee.

**RESOLVED** – that the report be received and noted.

#### **5 FUTURE WORK PROGRAMME OF THE OVERVIEW AND SCRUTINY COMMITTEE**

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

John Softly presented the report which invited the committee to agree the procedure for determining its work programme for the municipal year 2018/19.

To assist the committee discussion, Tom Warburton provided a presentation on the combined authority and its objectives. The following additional points were noted:

- The election of Mayor will take place in May 2019. The Mayor will Chair the combined authority Cabinet meetings and will oversee an investment programme of £20m a year over 30 years.
- The governance structure includes: two statutory committees, Overview and Scrutiny Committee and Audit and Standards Committee; two informal advisory boards; and an Investment Panel to review and report into Cabinet on major investment proposals.
- The governance arrangements include an Assurance framework, designed to ensure that investment decisions are taken within a mechanism that is appropriate for the appraisal and monitoring of projects that are supported with public resources.
- The ambitions of the combined authority include economic development, developing talent and creating employment opportunities for residents.
- A number of emerging priorities for investment have been identified by Cabinet and are being worked up, but no investment has been agreed to date.
- Cabinet have agreed that limited investment decisions will be taken before the election of the Mayor. The Mayor will have the right to review decisions taken prior to their appointment, where they are not legally binding.
- Development work is underway on proposals that involve all three authorities, including: the coordination of an ESF bid to support council tenants who are

out of work; the development of an inward investment fund; and the coordination of an ERDF bid to support the roll-out of fibre internet.

Members discussed development of the scrutiny work programme, making the following points:

- It was felt that, alongside the budget papers, a summary of the elements included in the devolution deal would be helpful, including information on how far work has progressed.
- That the budget proposals, outlining use of resources, will provide some helpful information for the committee on areas of decision making.
- That scrutiny may wish to focus on those areas that are further developed or that involve all three authorities to some extent.
- That it may be helpful to focus the time remaining in the current municipal year on one or two areas of the devolution deal.

In summing up the Chair confirmed that the budget proposals would be discussed at the February meeting, alongside a more in-depth information on each policy area. This information could then be used to determine the work programme for the remainder of the year.

**RESOLVED** – that:

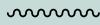
- i) The report and presentation be received and noted.
- ii) The February meeting agenda to include items on the proposed budget and a detailed overview of each area of the devolution deal.

## 6 DATE AND TIME OF NEXT MEETING

The Monitoring Officer advised that an alternative date is necessary, and members will be contacted as soon as possible. The meeting will still be held in North Tyneside.

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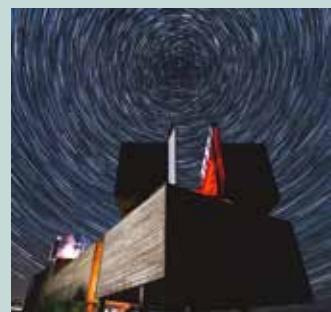
# HOME OF AMBITION



# NORTH OF TYNE

Newcastle  
North Tyneside  
Northumberland

The Vision for  
the North of Tyne  
Combined Authority





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### Champion of enterprise

Securing the investment for sustained growth and prosperity to create opportunities and reduce inequalities.

### Leaders of tomorrow

Driving up educational standards to deliver inclusive prosperity.

### Hotbed of talent

Giving everyone the opportunity to thrive.

### Spark of innovation

Supporting research, business growth and entrepreneurship.

### Network of connections

Improving our transport and investing in faster digital infrastructure.

### Pride of place

Communities that inspire and places where people want to live.

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# NORTH OF TYNE

# HOME OF AMBITION

For the new North of Tyne Combined Authority – spanning Newcastle, North Tyneside and Northumberland – the future focus is on positive change. We want to quickly and decisively make a real and positive impact on people's lives, businesses and communities.

Our vision is of a dynamic and more inclusive economy, one that brings together people and opportunities to create vibrant communities and a high quality of life, narrowing inequalities and ensuring that all residents have a stake in our region's future.

The North of Tyne area has great assets in our universities, innovative businesses, international connectivity and rich cultures. Our unique combination of city, coast and countryside offers a range of great places to live, work and bring up families.

Whether it's high technology exploration at the bottom of the ocean, digital innovation, dramatic breakthroughs to ensure people of all ages have fulfilling lives, a must-see cultural attraction or a thriving rural enterprise, we want people and businesses to have high ambitions, and be supported to meet them.

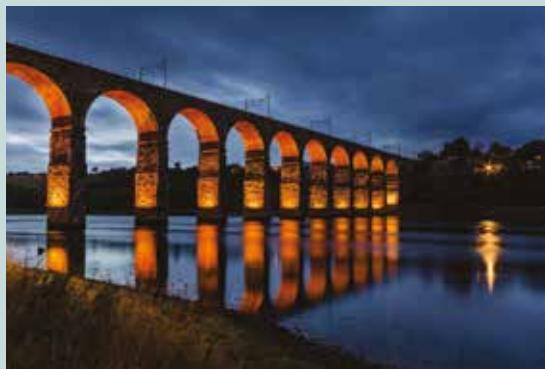
The North of Tyne Combined Authority will seek new ways to unlock potential. We will create the conditions for businesses to flourish, nurturing investment and supporting new jobs growth. And we will connect people with these opportunities. This means working for better educational outcomes and making sure that people get relevant skills and qualifications. We will support the development of vibrant communities which inspire pride, and even better digital connectivity and transport links.

Our vision is strong and unapologetically positive. It is also urgently needed. We cannot ignore the fact that, whilst we have huge economic disparities between our region and the most affluent parts of the country, there are also inequalities within our area which need to be addressed. For those who are struggling to get by, a picture of positive growth is not easy to embrace.

We also need to be able to respond quickly and flexibly. Brexit will, of course, present both opportunities and challenges; we need to negotiate a new relationship with Europe and ensure that we continue to have the skills base needed for businesses to thrive. But there are longer term challenges too, such as increasing automation, an ageing society and the global need to tackle climate change. Our communities have previously adapted to industrial transformation and we are confident that the same underlying qualities – including resilience, hard work and a sense of humour – will enable them to embrace future changes.

We have struck a deal with Government that unlocks new powers and opportunities to help meet our ambitions. We will work with neighbouring authorities and our Local Enterprise Partnership (the North East LEP) in support of our common objectives. Delivery will not, however, be the work of the public sector alone. It will require communities, businesses, the voluntary sector and our education institutions to come together to realise our potential.

Our new combined authority is at the start of a journey. We want to use the new powers and funding as effectively as possible, taking time to work with partners to build consensus on the best way to achieve economic opportunities through our six pillars of ambition.



## North of Tyne Economic Vision: Pillars of ambition

Our six key pillars, or priorities, represent the most important groups, issues and goals that we need to invest in and nurture, in order to achieve a more prosperous and inclusive future. Success for the new North of Tyne Combined Authority will mean:

### Champion of enterprise

We're securing investment, fostering trade links and creating the infrastructure needed for sustained growth and prosperity. We're using this to create opportunities and reduce inequalities across our area.

### Leaders of tomorrow

We're supporting a high quality, inclusive education system, which ensures our young people have the skills and qualifications to take up good quality training, apprenticeships and jobs.

### Hotbed of talent

We're giving everyone the opportunity to thrive – to attain a fair wage, and access good jobs with continued training and skills development available once in work. We will work with business and civil society to change working practices, working with employers committed to providing pay and conditions which enable people to take up local jobs and progress.

### Spark of innovation

We're supporting research, business growth and the entrepreneurialism that creates jobs and new opportunities across a range of key sectors. Supporting businesses and entrepreneurs to grow and flourish.

### Network of connections

We're developing a better transport system and investing in an ever faster digital infrastructure to create stronger links across the North and internationally.

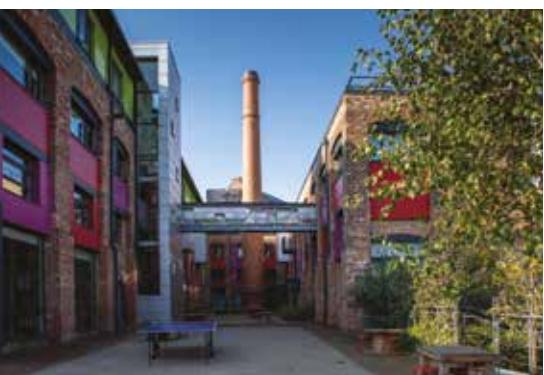
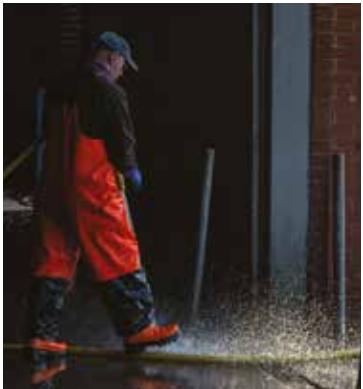
### Pride of place

We're creating communities of inspiring places, homes and spaces that support more sustainable, low carbon futures, set within an environment where people want to live, work or visit. We'll also be enhancing our flourishing tourism industry, which attracts visitors from all over the UK and further afield to explore and experience the diverse attractions of this most beautiful of places.



The Ports of Tyne, Blyth and Berwick have a rich history in commercial trade in coal mining, ship building, salt and fishing. Together they provide a vital trading gateway to world-wide markets and make a significant contribution to the wider economy and jobs.





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## Our deal with Government

The local government areas of Newcastle, North Tyneside and Northumberland share an ambitious vision for the future of their communities. To make this a reality, we have decided to create a new Combined Authority. In May 2019, local residents will have the opportunity to elect a Mayor who, together with a Cabinet drawn from the constituent local authorities, will be responsible for inclusive economic growth and regeneration in an area stretching from the River Tyne to the Scottish borders, bounded by the Pennines and the North Sea.

We have agreed a deal with Government that will secure a significant transfer of power, funding and resources to the area:

A new, directly elected Mayor for North of Tyne to give a strong and powerful voice to our area.

£600 million of extra money over 30 years to invest in inclusive growth.

Local control of the £23 million annual budget for adult education.

Projects to support a high quality inclusive education system.

Powers to develop land for economic growth and regeneration.

Projects that increase the growth and productivity of our rural communities.

Working better with Government to boost trade and investment.

Projects to grow our digital sector and low-carbon economy.

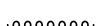
A joint committee to manage public transport across the North East.

A commitment to explore new opportunities for the North of Tyne in the future.

Enhancing our flourishing tourism industry.



One of the most distinctive features of the area is its excellent quality of life and the diversity of natural, heritage and cultural environments. These provide a contrast between the vibrancy of its city centre and the beauty of its rural hinterland, and the ease and speed with which it is possible to move from one to the other.



## Our communities and economy

The North of Tyne Combined Authority area includes the city of Newcastle, coastal communities spanning from Tynemouth to Amble to Berwick, the market towns of Morpeth, Hexham and Alnwick, the town centres of North Shields and Wallsend and rural communities stretching from Haltwhistle to Wooler. It has a population of 819,000 with 24,000 businesses, and the total value of goods and services produced in the area stands at £17 billion.

We have a strong identity based upon a common history and a network of distinctive but interconnected communities. Many bear testament to an illustrious industrial and mining heritage. Even with a transition to a predominantly service-based economy, manufacturing continues to play an important role in both employment and defining the ongoing characteristics of communities – particularly along the Tyne and in South East Northumberland.

Our communities have responded well to these changes. Higher level skills are now better than in any other northern city region, reflecting in particular the talent of our young people. Our schools generally perform well, with children better prepared to start school and doing better at primary school than in many other parts of the country. But our area is also one of contrasts. There are pockets of poor educational outcomes and lower skills levels. Some of our rural areas have poor transport links, making accessing employment and learning difficult. Overall unemployment remains significantly above the national average, while health outcomes are below average and this is impacting on people's abilities to live lives to the full and on our productivity and wage levels.

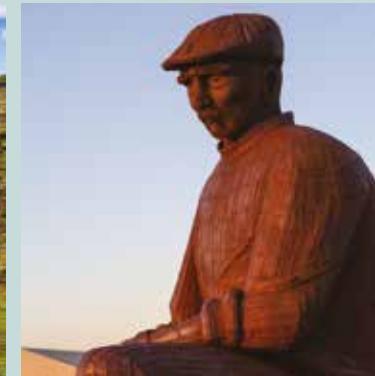
Today, key parts of our economy include a fast-growing tech and digital sector; significant clusters and world class R&D in the energy and offshore sectors; a strong pharmaceuticals and life sciences sector; major employment in financial and professional business services; and a growing urban and rural tourism and leisure offer. The area includes two world class universities, with over 55,000 students and expertise that supports our industrial strengths.

Newcastle has a vibrant city centre and is complemented by a strong out-of-town offer, including Cobalt, the UK's largest office park situated in North Tyneside. Nationally and internationally prolific companies include The Sage Group, Proctor and Gamble, Grainger plc, Greggs plc, Piramal Pharmaceuticals and Accenture. The majority are concentrated in an 'innovation triangle' from Newcastle to Tynemouth and north to Ashington. There are large companies outside this area – including Egger in Hexham – and we have seen diversification in many of our traditionally farming communities.

We are home to the North's second largest international airport; a future high-speed rail HS2 Hub; and two major freight and passenger ports. Metro, bus and train services connect us to our neighbours in Gateshead, South Tyneside, Sunderland and County Durham. We have always been an outward looking, international and welcoming place, and provide an important strategic link between England and Scotland.

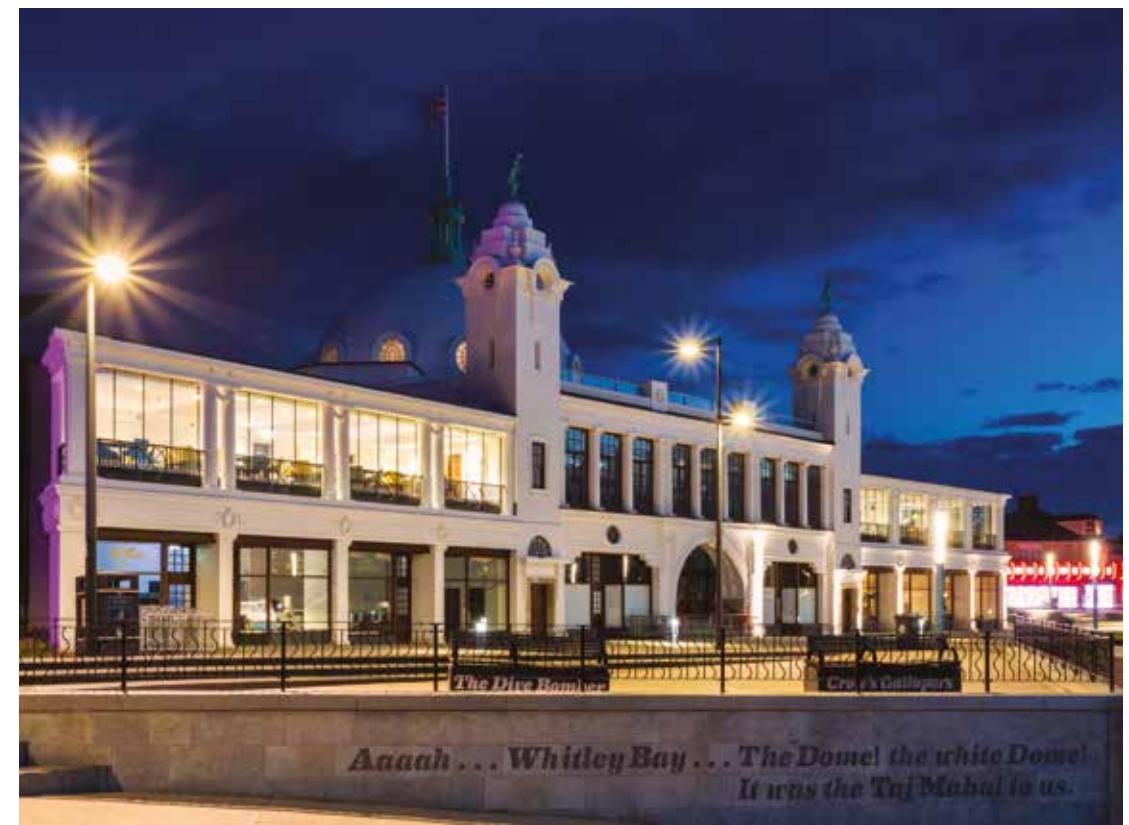
Some of the most distinctive features of the North of Tyne are the diversity of natural, environmental, heritage and cultural assets – spanning city, coast and countryside. The area boasts England's wildest and remotest National Park, an unsurpassed coastline, the Hadrian's Wall World Heritage site, Kielder dark skies and a thriving city centre offer – features that make the area an excellent destination for visitors from home and abroad.

To achieve our ambitions, we must make the most of these unique assets and opportunities, while addressing our challenges. This will enable us to move further towards a low-unemployment, high-wage economy.

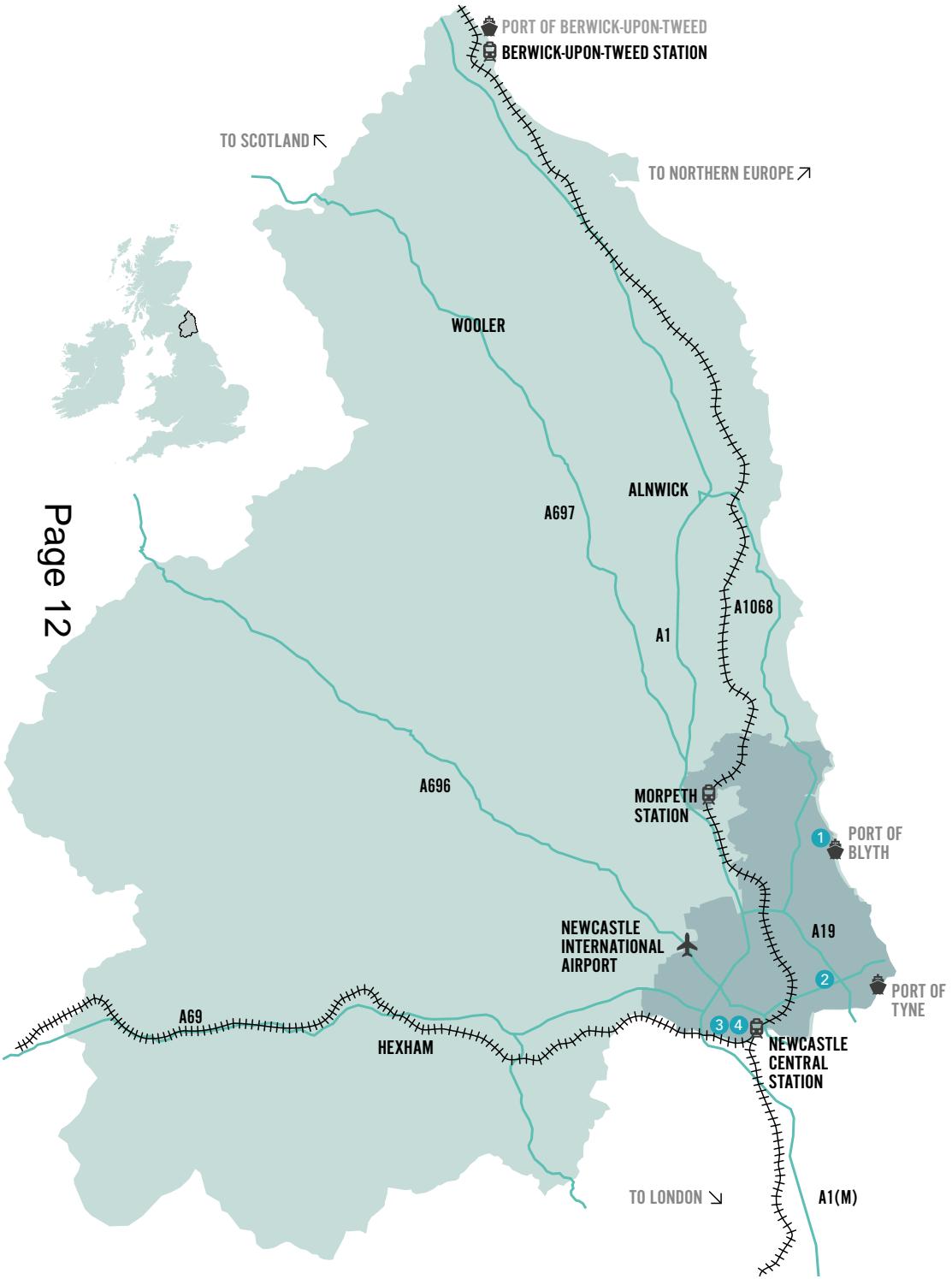




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## North of Tyne area – Map



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### Main map key



North of Tyne area  
Scottish Border

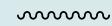
- 🚢 Ports of Berwick, Blyth and Tyne
- 🛤 East Coast Main line and Tyne Valley Line
- 🚉 Railways stations
- 🛣 A-roads
- ✈️ Newcastle International Airport

- 1 Offshore Renewable Energy Catapult (ORE)
- 2 Stellium Data Centre
- 3 National Innovation Centre for Ageing (NICA)
- 4 National Innovation Centre for Data (NICD)

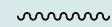
Industry Innovation Zone (IIZ)  
Rural Scale Up



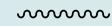
Newcastle International Airport has direct flights to over 80 destinations including the hub airports of Heathrow, Paris, Amsterdam and Dubai



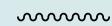
Champion of enterprise  
86% of jobs are located within our 'Industry Innovation Zone' (IIZ) and the area boasts a vibrant visitor economy based around the city, coast and countryside.



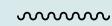
Leaders of tomorrow  
Northumbria is the top university in the UK for graduate start-ups, and Newcastle is ranked first for Computing Science research impact.



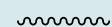
Hotbed of talent  
The most highly skilled workforce in the Northern Powerhouse area, with 26.4% of the working population qualified to Level 4.



Spark of innovation  
Part of the UK's Offshore Renewable Energy Catapult, and home to nationally significant research in the National Innovation Centres for Ageing and Data.



Network of connections  
Newcastle Central Station is used by over eight million passengers a year, while our Airport is the second largest in the North of England. In addition, 96% of households in the IIZ have superfast broadband or better.



Pride of place  
Northumberland National Park is home to England's cleanest rivers, least polluted air and darkest skies.



## Harnessing opportunity ~~~ The six pillars

### Champion of enterprise

Creating the conditions needed for our businesses to flourish and attract inward investment.

We must invest in our key sectors and support our assets, including those that are world leading or have the potential for global impact. We will expand the visitor economy and also raise our profile nationally and internationally to help us attract, grow and retain companies and the best talent.

#### Our key priorities are to:

Attract further investment in businesses, infrastructure, sites and our tourism/cultural offer.

Work with senior representatives of business, universities, schools and colleges to jointly identify and address barriers to inclusive growth and increased productivity.

Support the rural economy and become a national rural scale-up exemplar.

#### The first steps in this journey include:

Launching the North of Tyne investment fund and identifying initial priorities for investment.

Establishing Mayor-led discussions with the Digital, Life Sciences, Energy and Culture sectors.

Developing our ability to market the area internationally.

### Leaders of tomorrow

Supporting a high quality, inclusive education system, which ensures our young people have the skills and qualifications to take up good quality training, apprenticeships and jobs.

Providing an excellent education to all our young people is crucial to producing good outcomes in later life. At present, educational outcomes for most of our young people are very good. However, there is variation in performance and areas for improvement, particularly to raise outcomes for disadvantaged pupils. We also need to improve transitions from education into work, to make sure our young people have the skills and qualifications needed to maximise their future opportunities and promote ongoing learning and development. We need to develop a common education framework across North of Tyne to deliver consistent focussed outcomes for young people.

#### Our key priorities are to:

Work closely with existing three Councils, education leaders and the North East LEP to continually strive for better outcomes, career-focussed learning and pathways to employment.

Develop a new relationship with post-16 skills and training providers, including through the use of the Adult Education Budget, to better align our skills offer to the needs of the local labour market. This will include an increasing focus on technical skills and STEM (Science, Technology, Engineering and Maths) subjects.

Work together to explore the scope for developing a joint approach to school improvement.

#### The first steps in this journey include:

A unique opportunity to develop an Education Challenge Proposal focusing on ambitious improvements in learning and teaching from birth to work.

## Hotbed of talent

Empowering our people with the skills and resources they need to take ownership of their futures and secure good jobs with fair wages.

We want everyone to have the opportunity to thrive, with access to good employment and progression. Supporting the availability of good quality, well paid work, while providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

### Our key priorities are to:

Work with partners to implement better ways to help people into work – from a fragmented system to a more co-ordinated approach.

Work with employers to increase opportunities for continued training and skills development, supporting career progression.



### The first steps in this journey include:

Introducing an Inclusive Economy Board to design new approaches with partners.

Considering how all the investment decisions of the Combined Authority can help contribute towards an inclusive economy.

## Spark of innovation

Creating innovative, long-term opportunities for growth that reflect a transforming economy.

Our economy is changing rapidly. Digitisation and automation is already influencing many jobs, and this process of change is expected to accelerate further. We will work with our employers, universities, the North East LEP and other partners to increase the rate of innovation, entrepreneurialism and business growth, which are key to long-term success, increased competitiveness and higher wages.

### Our key priorities are to:

Encourage the development of start-up and scale-up businesses.

Support existing businesses to grow and attract talent, increase graduate retention and encourage entrepreneurs.

Work with partners to support the uptake of new technologies and clean growth.

Support the universities in innovation transfer to businesses – especially in the key areas of Ageing, Science, Digital and Data Analysis, and Energy Systems and Engineering.

### The first steps in this journey include:

Developing propositions that support the delivery of the UK's Industrial Strategy.

## Network of connections

Connecting communities to employment and training opportunities through good quality, even faster, digital connectivity and better transport.

Digital infrastructure, including in our rural areas, is becoming increasingly important as we adopt new technologies and ways of working. At the same time, reliable, efficient and healthy ways to get around are key to connecting all communities to the opportunities that our growth presents.

### Our key priorities are to:

Support the development of new and sustainable transport solutions to connect business with markets and people with sustainable employment.

Improve intra-regional transport infrastructure – including connectivity to rural areas.

Improve digital infrastructure within the area, and develop new national and international links.

### The first steps in this journey include:

Developing the case for further Government and private sector investment in digital infrastructure including superfast broadband and improving mobile coverage in some of our rural areas.

Promoting the area as a test bed for early adoption and development of new digital technologies.

Continuing to support the delivery of international digital connectivity investment by the private sector – including the North Sea Connector fibre-optic cable to Denmark.

Working up a business case using evidence of the significant economic growth and regeneration potential of the Northumberland, North Tyneside and Newcastle rail line. This will include developing a vision that realises the benefits with future investors, funders and users.

## Pride of place

Supporting and developing vibrant communities, which provide opportunities, choice and inspire pride.

Our vision for North of Tyne is of a place that makes us all proud. We'll know that we have been successful when we see sustainable communities with more affordable homes and more good jobs, and where health, education, wages and employment prospects are increasing.

We'll also be enhancing our flourishing tourism industry, which attracts visitors from all over the UK and further afield to explore and experience the diverse attractions of this most beautiful of places.

### Our key priorities are to:

Increase the rate of homebuilding and raise quality – in line with the adopted and draft Local Development Frameworks.

Prepare a Joint Infrastructure Plan to support this growth.

Invest in developments that improve quality of environment, create new employment opportunities and increase sustainability.

Develop and promote key cultural and tourism assets.

Champion and pioneer a low carbon approach which delivers lower emissions and affordable warmth.

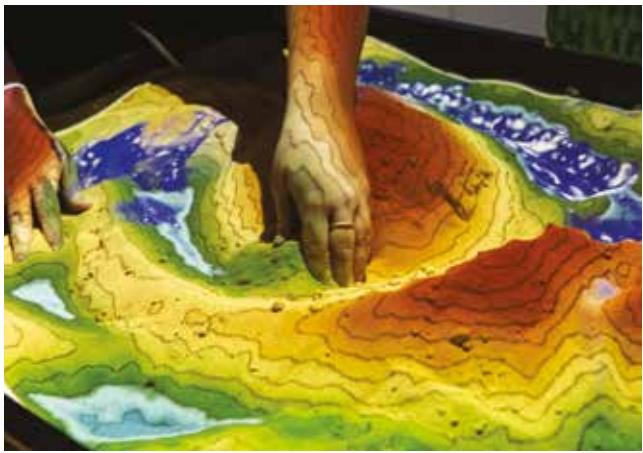
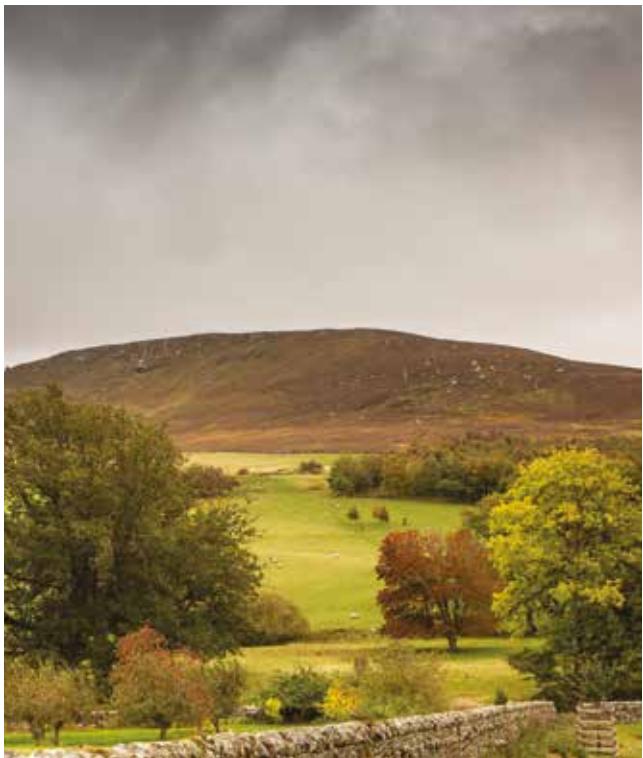
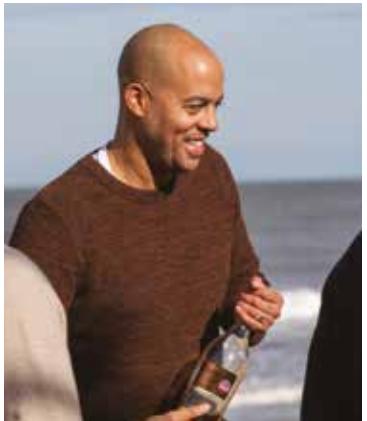
### The first steps in this journey include:

Working with the new Housing and Land Board to develop a strong housing vision.

Securing early investment from the Government's Housing Infrastructure Fund.

Preparing key project business cases to unlock further investment.

Working together to promote the North of Tyne visitor economy.



## Next steps

This report outlines our shared ambitions and the first steps to realising them. The election of a Mayor for the North of Tyne Combined Authority in May 2019 will bring enhanced powers and profile, and we will be seeking opportunities to secure additional resources and powers from HM Government.

North of Tyne is a leader of industry, a land of ideas, a place of potential. And nothing should hold us back in making our vision a reality.

## This is North of Tyne.

### For more information



Visit  
[northoftynedevolution.com](http://northoftynedevolution.com)



Telephone  
+44 (0) 191 277 7501

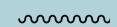


Email  
[enquiries@northoftynedevolution.com](mailto:enquiries@northoftynedevolution.com)

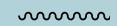
### About this document



Produced by  
**North of Tyne Combined Authority**



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**Creative Concern**



Photography by  
**House of Hues**

## Thank you

The North of Tyne Combined Authority wishes to thank everyone who made this publication possible, especially stakeholders who contributed to the development of the priorities, and those who helped with access for photography, or were photographed themselves.



#### **Champion of enterprise**

Work with key sectors  
Invest in infrastructure and assets  
International linkages  
Inward investment  
Support rural economy



#### **Leaders of tomorrow**

Inclusive education  
Training  
Apprenticeships  
Jobs and careers



#### **Hotbed of talent**

Employment support  
In work training and skills  
Fair wages



#### **Spark of innovation**

Growth and entrepreneurialism  
Tech and digital  
Subsea and offshore  
Life sciences, health, ageing  
Culture and tourism  
Professional and business services  
Supporting businesses/entrepreneurs



#### **Network of connections**

Improving transport systems  
Low carbon and low emissions  
Digital inclusion  
Digital infrastructure



#### **Pride of place**

Sustainable development  
Low carbon futures  
More and better homes  
Environmental improvements  
Cultural and tourism assets



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**Subject:** NTCA Investment Fund Update  
**Report of:** Interim Director of Inclusive Economy

## **Report Summary**

To provide Cabinet Members with an update on the progress of projects that were agreed at the Cabinet meeting on the 8<sup>th</sup> of November 2019 and to summarise other activity underway which is progressing the objectives set out in the NTCA Vision and Devolution Deal – prior to the Mayoral elections in May 2019.

## **Recommendations**

Cabinet are recommended to:

- (i) Approve the proposal to create an Inward Investment Grant Fund with an initial budget of £1m per annum;
- (ii) Delegate approval of the detailed criteria and full business case required for the implementation of the Inward Investment Grant Fund to the Acting Head of Paid Service in consultation with the Interim Mayor and the Chief Finance Officer;
- (iii) Approve the high-level criteria set out in 1.2 for the Business Case Development Fund;
- (iv) Approve the proposal to consider supporting bids that make progress through the Future High Street Fund bidding process;
- (v) Approve the proposed commissions outlined in 1.4.

## **1. Background information**

The North of Tyne Devolution Deal includes an Investment Fund allocation of £20m per annum for a period of 30 years with an agreement that the resource is used to drive economic growth. The Deal also includes a set of impact measures that will be used to measure the success of the Combined Authority's investment decisions. These include: creating new jobs, generating economic growth as measured by Gross Value Added (GVA) and levering additional private sector investment into the area.

At the Cabinet meeting of 8<sup>th</sup> November members set out their Vision for the future of the North of Tyne area and outlined number of early interventions to be developed prior to the Mayoral election in May 2019. This paper gives an update on these projects and other activities underway to progress the objectives set out in the NTCA Vision and Devolution Deal.

### **1.1 Progress to Date**

#### **Champions of Enterprise**

Cabinet are asked to formally approve an Inward Investment Grant Fund, with an initial budget of £1m per annum. This fund has been designed to support foreign or UK owned businesses making a first investment in the region. It will fill a gap left by the withdrawal of past grant sources and enable the NTCA area to compete with other investment locations in the UK and Europe who are already offering grant assistance to inward investors. It is proposed that any awards will be discretionary, with criteria for the fund including evidence that the project:

- represents value for money;
- fits with the NTCA Vision;
- will lead to the creation of additional jobs;
- would not otherwise occur in the NTCA area;
- would not displace existing business activity in the NTCA area.

All specific awards will also be subject to funding being available and be subject to Cabinet approval.

In addition, it is proposed that grant recipients would be encouraged to contribute to the Combined Authority's aim of moving towards an inclusive economy.

**A Rural Business Growth Investment Fund** has been developed as part of the response to the Devolution Deal commitment to increase growth and productivity in rural communities. The intervention will support economic growth by providing:

- A business advice and support service that will enable businesses to identify opportunities for growth and develop growth plans;
- Capital grant funding to support investment in business growth plans.

A full business case has been submitted by Northumberland County Council (NCC) to the NTCA Investment Fund for the business advice and support service element of the proposal and the outcome of the appraisal process will be considered by Cabinet at its meeting in March. NCC have also submitted a bid for ERDF resources to fund the capital grant element of the intervention.

### **Leaders of Tomorrow**

A commissioning call is being developed with the aim of inviting bids to deliver school-based interventions that will inspire more young people to pursue STEM subjects and get involved in the development of coding skills.

The draft call is due to be considered by Cabinet at its March meeting, with delivery scheduled to start in the 2019 / 20 academic year.

### **Hotbed of Talent**

With support from the European Social Fund, the NTCA is seeking to implement a project that will support social housing tenants to find sustainable employment. The project can proceed without financial input from the Combined Authority and is scheduled to start in March.

Work is also being undertaken on developing a ‘Returnships’ project that will support people who are returning to the labour market following a period of caring for children or other family members. An update will be provided to the March Cabinet with a proposal for funding to be submitted in the Summer.

### **Pride of Place**

In December, the Government announced a Future High Streets fund with the aim of supporting projects that renew and reshape town centres and high streets in a way that improves experience, drives growth and ensures future sustainability. Applications for a maximum contribution of £25m are invited from local authorities that can demonstrate that the areas for which funds are sought are facing significant challenges.

Guidance for the fund sets out an expectation that applicants will have engaged with several stakeholders including Mayoral Combined Authorities and that projects will be co-funded by public and private sector additions. Northumberland, North Tyneside and Newcastle local authorities are each planning to bid for resources from the new fund.

In view of the role specified for the MCA it is proposed that the NTCA Cabinet has sight of the proposed High Street Fund applications in March and, at a future Cabinet meeting considers using Investment Fund resources to:

- support the development of full and final business case applications to the fund if required;
- provide a proportion of any match funding that may be required to progress projects that are awarded Future High Streets funding and which are consistent with the NTCA's agreed objectives.

The deadline for applications to Government is the 22<sup>nd</sup> of March 2019 with the possibility of the first awards being made at the end of 2019.

**Housing & Land Board.** The North of Tyne Combined Authority's Housing & Land Board has now met twice. Papers discussed by this advisory Board included updates on the North of Tyne Authorities bids to the National Housing Infrastructure Fund. By working with the private sector and co-operating on our bids the three constituent councils have been very successful in allocations from the HIF fund. Four schemes have been allocated investment for 'Marginal' funding – Newcastle Outer West, Newcastle Helix, Newcastle Ouseburn Mouth and North Tyneside's Killingworth Moor Scheme – if all these applications are successful it will lever around £25 million additional investment into the area and assist the delivery of around 6,600 homes. In addition, North Tyneside's Murton Gap Scheme has been allocated for forward funding according to the criteria set out by Homes England. And if successful this will unlock a further 3000 homes.

In addition, to the above we are also working with Design Council, Home Group, Engie, Legal and General, Northumbria University, the National Innovation Centre for Ageing and other partners on a housing and ageing workshop to investigate how design processes can be used to ensure homes and places are designed for multi-generational communities.

## 1.2 Business Case Development Funding

At its November meeting Cabinet agreed in principle that a proportion of the Investment Fund resource should be used to create a Business Case Development Fund (BCDF) to support the development of Full Business Cases that are sufficiently well developed to support project delivery and external funding applications. It is proposed that a proportion of this funding is also made available to support the development of large-scale, complex and strategic projects to Outline Business Case stage.

It is proposed that for a project to qualify for a full business case development funding, applicants would need to demonstrate fit with the following high-level criteria:

- Projects for which funding is sought will contribute to the NTCA vision and the output measures set out in the Devolution Deal;
- Match funding of circa 30% of total cost of the work is available from a source other than NTCA.
- No other relevant source of funding is applicable.

An application process setting out these and other, more detailed, criteria has been developed and used to consider several initial applications that were reported to Cabinet in November. Applications currently being developed for Cabinet consideration include:

- The development of the Local Full Fibre bid for funding from the DCMS.
- An assessment of the economic growth potential associated with the Northumberland, North Tyneside, Newcastle Line.
- A feasibility study relating to the development of a community-based resource that will support business growth, employment and cultural development activity in Byker.
- The development of a business case for the Energy Central Training Centre in Blyth;
- Plans for the redevelopment of North Shields Town Centre and Fish Quay.

Others may be commissioned in the future.

### **1.3 Brexit**

The NTCA is operating in extremely dynamic conditions with the outcome of the Brexit negotiations contributing significantly to an increasing complex operating environment. Regular meetings are occurring between representatives of the NTCA, NELEP, other public bodies, business representative organisations, businesses, colleges, universities and trade unions. In addition, meetings with the Ports and Airport are taking place, all with the purpose of ensuring that the region remains open to business, even in the event of 'no deal'. But, given the heightened uncertainty, it is considered timely to increase the level of engagement between NTCA and the business community and plans are being put in place to establish regular meetings with key business stakeholders and business representative organisations.

As the situation is rapidly changing it is proposed a Brexit update will be given at the 5<sup>th</sup> February meeting.

## **1.4 Next Steps**

It is also proposed that the CA commissions a series of work to provide the evidence necessary to inform planned future activity and investment.

Proposed commissions include:

- Work with key stakeholders to identify investments associated with the Industrial Strategy's Grand Challenges;
- Map the existing business support provision with the aim of informing the design of future interventions that add value;
- Review inward investment activities in the NoT area including the role played by DiT;
- Review the destination marketing activities and tourism development plans in the NoT area.

## **2. Key Risks**

- 2.1 Risks associated with applications for funding through the NTCA Investment Fund will be considered as part of the application appraisal / assessment process. Where possible, risks identified as a result of the appraisal process will be mitigated by the actions of applicants. In addition, the NTCA will mitigate the risks associated with funding awards by inserting appropriate conditions in the funding agreements fixed with funding recipients.

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

- 3.1 The report refers to activity / developments that are likely to result in applications for funding from the NTCA's Investment Fund. Subsequent approvals would result in the commitment of resources from the NTCA's budget. Sufficient funds are available to cover the estimated cost of the proposed expenditure.

## **4. Legal Implications**

- 4.1 Applications for funding may have State Aid considerations. These will be identified and considered during the assessment and appraisal process.
- 4.2 The approval of funding awards will require the NTCA to enter into legal agreements with funding recipients. These will be based on standard funding agreement formats with the addition of any requirements that are specific to a funding award.

## **5. Consultation/Engagement**

- 5.1 The proposals in the report are consistent with the objective and outline commitments set out in the NTCA's Vision, a document that was developed following engagement with key stakeholders in the North of Tyne area. The

individual proposals have also been developed following detailed engagement with parties involved in delivery and those who may be in receipt of the services being developed. Further consultation and engagement will be carried out as the proposals move towards the delivery stage.

## **6. Appendices**

- 6.1 There are no appendices to the report.

## **7. Background Papers**

- 7.1 A copy of NTCA's Vision can be found at [NTCA Vision](#).

A copy of the guidance that has been issued for the Future High Streets Fund can be found at <https://www.gov.uk/government/publications/future-high-streets-fund>

## **8. Contact Officer details**

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**NORTH  
OF TYNE**

**COMBINED  
AUTHORITY**

**Cabinet**

**5<sup>th</sup> February 2019**

**Subject:** **NTCA Investment Fund Update – Supplemental Brexit Update**

**Report of:** **Interim Director of Inclusive Economy**

## **Report Summary**

To provide Cabinet Members with an update on Brexit preparations by the NTCA, to highlight the role of the NTCA as a champion for business and trade in North of Tyne, and to propose additional actions that NTCA can take to help provide Brexit resilience.

## **Recommendations**

Cabinet is recommended to:

- (i) Approve the action plan as set out in section 2;
- (ii) Authorise the Acting Head of Paid Service, in consultation with the Interim Mayor, relevant Portfolio Holders and the Chief Finance Officer, to undertake the necessary steps to deliver this action plan and explore any further actions needed as the Government's plans for Brexit further materialise.

## **1. Background information**

Significant preparatory work for Brexit has been undertaken within the region. Individual local authorities have been considering a range of issues, including planning to ensure we are able to respond to an increased need to provide regulatory services (trading standards); working with health partners to ensure continuity of health services; and ensuring that there is no disruption to school meals. The regional Local Resilience Forum (LRF) has overseen these preparations and is reporting in to national Government on preparedness.

The North East LEP has been considering the economic impacts, via the NE Brexit group. This includes businesses, business representative organisations, public sector agencies, voluntary and community sector, universities, colleges, airport, ports and the unions. The Group has liaised regularly with Government – including identifying the impact on key sectors and businesses; provided a response on behalf of the region to the Migration Advisory Committee; overseen the provision of Brexit advice to businesses; and developed a work programme to consider new opportunities and challenges post-Brexit.<sup>1</sup>

In the context of ongoing national uncertainty on the path for Brexit, the NTCA will work with the North East LEP, the North East Combined Authority (NECA), other Mayoral Combined Authorities and national Government to promote and protect North of Tyne's international trading position, key national assets (including the airport and ports) and our businesses.

Studies by HM Treasury predict that the North East of England will be the most adversely impacted part of the country by a no-deal Brexit.<sup>2</sup> Against this backdrop, we will listen to and then seek to support businesses in dealing with their key issues emerging from the Brexit outcome – both before and after the UK leaves the EU. These may include workforce matters, trade concerns, possible economic downturn scenarios and any new market opportunities. Our proposed approach is based on:

- continuing to work with the North East LEP and other colleagues in the NE, to ensure a 'no wrong door' approach to responding to businesses;
- using the funding provided by Government to mayoral combined authorities to respond to adverse outcomes and where possible take advantage of opportunities;
- exploring practical ways in which we can support businesses;

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<sup>1</sup><https://www.nelep.co.uk/>

<sup>2</sup> <https://www.parliament.uk/documents/commons-committees/Exiting-the-European-Union/17-19/Cross-Whitehall-briefing/EU-Exit-Analysis-Cross-Whitehall-Briefing.pdf>

- ensuring that the North of Tyne is attractive to international investors;
- engaging directly with Government
- working with other Mayoral Combined Authorities to make the case for the devolution of any future additional funding – to replace the ESIF funding that the area will lose, to take advantage of new Brexit opportunities and to counter any negative economic impacts.

## 2. Actions

Government announced on the 28<sup>th</sup> January that Combined Authorities will each receive £91,000 per annum to “fund additional planning and capacity” over the next two years. It is proposed that the NTCA uses this funding to support areas where Brexit will have an impact on the North of Tyne’s aims objectives (as set out in the Economic Vision) collaborating where possible with other partners including the North East LEP and NECA. These resources would be deployed alongside other activity funded through the Investment Fund, together with opportunities provided by the broader powers and responsibilities of the NTCA.

### (i) Business Engagement

Significant engagement with businesses around Brexit is already occurring – through the constituent local authorities, and in conjunction with the NELEP and the NE Brexit Group.

In the context of a lack of a clear understanding of how UK will exit the EU, it is proposed that we develop a six-month engagement programme with businesses and business representative organisations – consisting both of summit/consultative events and more targeted company visits. An event is planned for late February / early March where we will seek to engage with business on their current views of what support they might need in the context of Brexit and how our future engagement programme would best be structured.

The NTCA will work closely with North East LEP to maintain a co-ordinated approach to cross-sector engagement and communications with Government.

NTCA will promote the available resources and advice for businesses preparing for Brexit available at <https://www.northeastgrowthhub.co.uk/toolkits/BREXIT-toolkit/>

### (ii) Ongoing Brexit sector risk assessment

The NE Brexit Group has previously published a report highlighting opportunities, challenges and risks facing sectors in the NE from BREXIT.<sup>3</sup> we

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<sup>3</sup> <https://www.nelep.co.uk/wp-content/uploads/2018/06/nel377-sector-study-a4-final-version.pdf>

propose to continue to work within this group to refresh this work and to ensure that we take a dynamic approach to updating information as circumstances change. From this, we will develop any necessary propositions or next steps.

(iii) Inward Investment Fund

Nationally, there has been a reduction in business investment and Inward Investment enquiries, which has been attributed to Brexit uncertainties. The proposed NTCA Inward Investment Grant Fund, as outlined in the Investment Fund Update, is designed to support foreign or UK owned businesses making a first investment in the North of Tyne area, helping ensure that the NTCA is viewed as an attractive location for investment under all Brexit scenarios.

(iv) Brexit Response Fund

The Investment Fund provides a flexible resource which can, within the scope of the devolution deal and economic vision, be used to support businesses which may be exposed to additional Brexit pressures. It is proposed that the NTCA Cabinet considers the use of a proportion of its Investment Fund to respond positively to new opportunities which may emerge in the next few weeks and to counter any potential negative Brexit effects. For example, and working with North East LEP, this could include exploring the potential to provide short term loans to companies experiencing temporary cashflow challenges because of Brexit. Any awards from the Investment Fund would be subject to the normal process of due diligence, and the NTCA's agreed Assurance Framework.

(v) Development of longer-term response to Brexit

The NTCA will continue to work with the North East LEP and wider partners to develop a longer-term response to Brexit.

Brexit is likely to lead to a reduction in immigration, meaning that there are new opportunities to take an active approach to skills and labour market planning. The NTCA will have the opportunity to use the devolution of the Adult Education Budget, together with wider devolution deal commitments from DWP around joint working, to tailor support to the emerging needs of, and opportunities provided by, the local economy.

The NTCA is working with the North East LEP to develop a proposal to create a Free Trade Zone at a North East or wider geography, which could be considered if the UK were to leave the EU without a deal. This would ensure that customs duties do not harm the international supply chains which are at the heart of our manufacturing sector.

### **3. Next Steps**

Following Cabinet’s consideration of the action plan outlined in Section 2, the Head of Paid Service will oversee their implementation – with further information provided to Cabinet at its next meeting. The Head of Paid service will also work closely with the Elected Mayor and Cabinet portfolio members to ensure that the NTCA adopts a flexible approach to any emerging new opportunities or challenges.

### **4. Potential Impact on Objectives**

The Actions proposed in the report are consistent with the commitments set out in the Combined Authority’s Vision document: Home of Ambition and particularly the Champion of Enterprise Pillar which expresses the Combined Authority’s commitment to creating the conditions needed for our businesses to flourish and attract inward investment.

### **5. Key Risks**

There is considerable uncertainty about the Brexit approach which will be followed nationally and any impacts on the local economy. The actions described in this report have been designed to help mitigate the risks that a disorderly Brexit could pose to the North of Tyne economy. At this stage, it is difficult to quantify these risks and therefore the extent of potential demand on the investment fund.

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

Sufficient funds are available to cover the estimated cost of the proposed expenditure.

### **8. Legal Implications**

There are no immediate legal implications arising from this report.

### **9. Consultation/Engagement**

The proposals in the report are consistent with the objective and outline commitments set out in the NTCA’s Vision, a document that was developed following engagement with key stakeholders in the North of Tyne area. The proposals are also informed by a specific set of internal and external consultation and engagement activities that have been designed and conducted with the explicit purpose of informing the response to the challenges posed by Brexit. The business engagement programme outlined in this will continue the dialogue and inform future developments.

### **10. Appendices**

There are no appendices to the report.

**11. Background Papers**

None

**12. Contact Officers**

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