

North of Tyne Combined Authority, Overview and Scrutiny Committee

Tuesday 8 October 2019 at 10.00 am

Meeting to be held: The Chamber, Quadrant, North Tyneside Council, 16 The Silverlink North,
Cobalt Business Park, Newcastle upon Tyne NE27 0BY

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AGENDA

Page No

1. **Welcome and Introductions**
2. **Apologies for absence**
3. **Declarations of Interest**
4. **Agreement of the Minutes of the previous meeting held on 2 July 2019** 1 - 6
5. **Cabinet Member for Employability and Inclusion**

In attendance: Cllr Joyce McCarty, Cabinet Member for Employability and
Inclusion, NTCA

Cllr McCarty will provide the Committee with a verbal update on the work of
her portfolio.

6. **Good Work Business Pledge** 7 - 14

In attendance: Cllr Joyce McCarty, Cabinet Member for Employability and
Inclusion, NTCA and Leigh Mills, NTCA Head of Inclusive Growth

Attached papers

7. **Q1 Budget Monitoring** **15 - 24**

In attendance: Janice Gillespie Interim Chief Finance Officer (Section 73 Officer)

Attached papers

8. **2020/2024 Financial Planning and Budget Process** **25 - 34**

In attendance: Janice Gillespie Interim Chief Finance Officer (Section 73 Officer)

Attached papers

9. **Date and Time of Next Meeting**

10 December 2019 at 10.00am at Newcastle Civic Centre

Contact Officer:

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Overview and Scrutiny Committee

2 July 2019

(10.00 - 11.15 am)

Meeting held: Mansion House, Fernwood Road, Jesmond, Newcastle upon Tyne, NE2 1TJ

Minutes

Present:

Chair: Cllr G A Roughead

Vice Chair: Cllr L Wright

Councillors: S Dungworth, P Earley, S Graham, M Hall, P Holland, G Stewart, and R Shatwell

1 **APPOINTMENT OF CHAIR AND VICE CHAIR FOR THE MUNICIPAL YEAR 2019/2020**

Cllr G Roughead and Cllr A Lower were both nominated and seconded for the position of Chair.

RESOLVED that -

Cllr G Roughead was duly appointed Chair of the Overview and Scrutiny Committee for the Municipal Year 2019/20.

Cllr L Wright was duly appointed Vice Chair for the Municipal Year 2019/20.

2 **APOLOGIES FOR ABSENCE**

Apologies were received from Cllr A Lower; Cllr G Stone attended as substitute.

3 **DECLARATIONS OF INTEREST**

Councillor Earley declared an interest in agenda items 6 (Budget Monitoring Year End 2018/19) and 7 (Local Full Fibre Networks). Cllr Earley was a member of the NTCA Cabinet and in attendance when these were discussed. Cllr Earley did not participate in the discussions.

4 **AGREEMENT OF THE MINUTES OF THE MEETING HELD ON 21 MARCH 2019**

The minutes of the previous meeting held on 21 March 2019 were agreed as a correct record and signed by the Chair.

5 **ADDRESS FROM JAMIE DRISCOLL, THE MAYOR OF THE NORTH OF TYNE COMBINED AUTHORITY**

Mayor Driscoll attended the meeting and addressed those present. His comments included:

- His commitment to democracy, openness and collaboration, climate change; he also welcomed the work of the committee, the value of Scrutiny and future input to the decision making process.
- Agreement to working with representatives of the CBI to discuss investment projects, commitment to promote local businesses.
- Community engagement linked to a Mayor's Question Time; this would move across the boundaries of the 3 constituent authorities.
- Members were given a brief outline of progress with the Adult Education Budget and Local Full Fibre Networks. Funding for Adult Education should be in place for the start of the next academic year.
- The real living wage.
- Collaboration with the authorities South of the Tyne and the Scottish Borders.
- The Mayor confirmed his commitment to Devolution and cross-party work.
- Appointment of Ambassadors for Business, CVS and Youth.

Mayor Driscoll responded to questions.

The Overview and Scrutiny Guidance and the development of an Executive and Scrutiny Protocol. Mayor Driscoll gave assurances that he will be guided by Scrutiny.

A member questioned whether there had been any meetings between the Mayor and the Chair of Overview and Scrutiny. The Chair, Cllr. Roughead confirmed that as the incumbent Chair of Overview and Scrutiny he had met with the Mayor informally along with the Policy and Scrutiny Officer in the period following the 2019 North of Tyne Combined Authority Mayoral Election before being re-appointed as Chair of Overview Scrutiny for 2019/2020 Municipal Year.

The Mayor addressed a question in relation to Community Wealthy Building explaining that it is a series of interventions where wealth is recirculated locally for the benefit of local communities. In the case of a combined authority/local authority, this would be through the procurement process.

Responding to a question as to whether he had made any political appointments or if anyone appointed had previously held or aspired to hold political office or a position within a political party the Mayor confirmed that he will be appointing a political advisor. He also pointed out that there will be a rigorous interview process conducted by NTCA staff; the post will also be politically restricted (as detailed in section 5 of the Constitution). Mayor Driscoll explained that some staff were already

in place when he was elected and that appointments to senior positions recently advertised would involve Cabinet members.

The Mayor confirmed that he would work closely with the Local Enterprise Partnership (LEP).

The possibility of reports incorporating a reference to the potential impact proposals might have on health and well-being; it is an issue that could be considered for each proposal. Although the Mayor pointed out that health is not within the remit of the Combined Authority a Member of the Committee reiterated the adverse effects that can arise as a result of new development.

The Mayor agreed that scrutiny can work well where Cabinet suggests items for deeper consideration and looking forward.

Mayor Driscoll was asked about his expectations for the Combined Authority. In response the Mayor stated that he would like to see changes to primary legislation for instance the full implementation of the minimum wage by all employers. He also drew attention to the Mayor's power to levy an additional precept on local council tax bills, adding that this would lever in monies from various European funds if and when there is a shared prosperity fund. Committee were however advised that at the present time the power will not be implemented.

Specific engagement with the diverse population living and working in the Combined Authority. The Mayor advised Committee that he has already started communications with the various cultures and church groups.

The Chair thanked Mayor Driscoll for attending and addressing the meeting.

6 **COMMITTEE WORK PROGRAMME FOR 2019/20**

Submitted: Report of the Policy and Scrutiny Officer (previously circulated and a copy attached to the Official Minutes).

The Policy and Scrutiny Officer briefly outlined the report the purpose of which was to agree the work programme for the municipal year 2019/20 The following aspects were highlighted:

- The proposed agenda for each meeting up to March 2020, detailed in appendix 1. This is not 'set in stone' and does not prevent items being moved or added.
- The meeting on 14 January 2020 will be a work shop to consider the draft budget proposals.
- The development of an Executive/Scrutiny Protocol.
- A proposal to extend the time frame currently used for the forward plan from 28 days to 3 months. This would enable better forward planning for the Committee and increase transparency and public awareness of the decisions of the North of Tyne Combined Authority.

Comments and queries from members:

Reference was made to the planned informal meetings between the Chair and Vice Chair of Overview and Scrutiny and the Mayor of the Combined Authority. It was confirmed that the Committee will receive feedback when appropriate, an officer will be present, and notes will be taken.

RESOLVED that –

- i) The Overview and Scrutiny Committee approved the work programme for the year ahead and,
- ii) Agreed with the proposal to request that Cabinet consider extending the time frame currently used for the forward plan from 28 days to 3 months.

At this point Cllr Earley left the meeting and did not take part in discussions or decisions

7 BUDGET MONITORING YEAR END 2018/19

Submitted: Report of the Interim Section 73 Officer (previously circulated and a copy attached to the Official Minutes).

Janice Gillespie briefly outlined the report the purpose of which was to inform the Committee of the Draft Outturn Statement and Draft Accounts 2018/19 as reported to Cabinet on 4 June 2019.

Key Points were highlighted including the Corporate Budget Outturn 2018/19 (table 2, page 17); the Investment Fund Outturn and reserves as at 31 March 2019 (£19,932,370); an explanation regarding the assets and liabilities of the Joint Transport Committee.

The Chair commended the work undertaken to produce the Draft Outturn Statement and the Draft Statement of Accounts and the approach used, demonstrating best practice.

RESOLVED – that the Overview and Scrutiny Committee noted the report.

At this point Cllr Holland left the meeting and Cllr Shatwell attended as substitute

8 LOCAL FULL FIBRE NETWORKS

Submitted: Report by the Digital Design and Delivery Manager, Northumberland County Council (previously circulated and a copy attached to the Official Minutes).

Steve Smith outlined the report the purpose of which was to provide the Committee with an update on the progress made on the application by the North of Tyne Combined Authority to DCMS's Local Full Fibre Programme (Wave 3).

The Committee noted several points including;

- The local Full Fibre Network (LFFN) requires Authorities to work in dialogue with DCMS to extend the reach of high-speed fibre communications to **Public Sector** sites.
- In December 2018 Cabinet agreed its support for negotiations with DCMS to secure LFFN funding.
- In March 2019 the NTCA Cabinet approved an allocation of up to £75,000 investment from the business Case Development Fund.
- The aim is to draw down up to £12m funding into the North of Tyne area to significantly improve digital infrastructure in the area.
- The project team now have approval to progress to the DCMS Investment Panel on 9 July 2019. If successful, the build out for the DCMS funded work to approximately 313 rural sites within Northumberland would take approximately 12 months.
- As part of the programme the project team are also working on a pilot model connecting local rural hubs in rural areas starting with schools. For Northumberland this will involve 13 schools.

Comments/questions from members

- Were there advantages in submitting a bid as a Combined Authority especially as there may be benefits for other providers. In response S Smith explained that whilst the funding is for public sector sites only' it will be a leveller and will make the deployment of full fibre services to businesses and residents more commercially viable to private investors.
- In relation to a query regarding a fall-back position if the bid is not successful S Smith explained that various programmes were already underway which include numerous elements to enable connectivity.
- A question was asked about current work underway in South East Northumberland and whether it is linked to this programme. S Smith explained that it is a commercial venture and provided details of the work. However, he emphasised that it is not linked to this programme.
- In response to a query regarding the benefits to schools Smith informed Committee that schools in the rural areas currently experience connectivity challenges. Full fibre network will enable faster speeds and different approaches to teaching e.g. a teacher working in France could teach French to children via Skype. It would also have advantages for back office staff.
- S Smith confirmed that a future evaluation will seek to capture all benefits of the programme.

Members wished the team good luck for the forthcoming DCMS Investment Panel meeting and hoped for a successful outcome.

RESOLVED – that the Overview and Scrutiny Committee noted the report.

9 **DATE AND TIME OF NEXT MEETING**

8 October 2019, 10.00am at North Tyneside Council

Overview and Scrutiny Committee

8 October 2019

Subject:	Good Work Business Pledge
Report of:	Employability and Inclusion Portfolio Lead

Report Summary

The purpose of this report is to provide the Overview and Scrutiny Committee with an overview of what the Good Work Business Pledge is, a summary of current progress and set out the proposed next steps for launching the Good Work Business Pledge.

Recommendations

The Overview and Scrutiny Committee is recommended to note the progress being made on creating a Good Work Business Pledge for the North of Tyne area and make any comments and recommendations it considers appropriate.

1. Introduction

- 1.1. Central to the North of Tyne Combined Authority's (NTCA) Vision is our commitment to an inclusive economy, one where the gap both between the area and the national average (outside London) is narrowed, and inequality within the area is reduced. NTCA's Inclusive Economy Policy Statement therefore explicitly acknowledges the relationship between "good work" and "fair living wages".¹ We define this as work that provides, amongst other things, security, skills, progression opportunities, a decent standard of living, promotes health and wellbeing, and helps to ensure that the North of Tyne area is productive and thriving.
- 1.2. Work has commenced to understand what 'Good Work' should look like in the North of Tyne, and how the NTCA can promote and reward employers that are offering the main elements of 'Good Work'. This has included the development of a Good Work Business Pledge, which would enable employers to understand the key elements of 'Good Work', what they can do to achieve this for their employees, and what support is available to help them get there.

¹ Inclusive Economy Policy Statement, North of Tyne Combined Authority, December 2018, page 1

1.3. Early work on the Pledge began in Summer 2018 when employers and representative bodies from across the North of Tyne area were invited to an initial engagement event to shape the Pledge. This identified a number of elements to include within the Pledge such as pay, health and wellbeing, security, workforce development, communications, fairness and trust, equality and diversity, and corporate social responsibility.

2. Second Stage Consultation – Initial Findings

2.1. Feedback from Employers

- 2.1.1. The second stage consultation commenced in July 2019 and to date we have received 49 responses. The majority of respondents (78%) have completed the on-line survey; however a significant proportion have chosen to provide detailed written responses, including TUC Northern, Karbon Homes, Northumbrian Water, JT Dove and IPPR North.
- 2.1.2. Responses have also reflected a good balance from across business sectors and employer size, including 10 micro-SME's responding (less than 10 staff) and nine businesses responding with over 1,000 employees.
- 2.1.3. Currently, levels of responses have been weighted towards the Voluntary and Community Sector (VCS) (% compared to % business), however the North East Chamber of Commerce engagement event taking place on 4 October 2019 will seek to redress this.
- 2.1.4. Face-to-face stakeholder engagement groups have been held with voluntary sector representatives and employers (in partnership with the Voluntary Organisations' Network North East), businesses (in partnership with the North East Chamber of Commerce) and The Advisory, Conciliation and Arbitration Service (ACAS) during a meeting occurring between NTCA Officers and ACAS' Area Director for the North East on 8 October 2019.

2.2. Key findings from the consultation to date include:

- The broad structure has been positively received, in particular, the inclusion of other accreditations as evidence of progress against the nine pillars of Good Work, and the aim to provide easy access to resources and other forms of support
- General agreement that the Pledge should have its own brand/logo that businesses and employers can access to demonstrate their commitment and promote the Pledge. Some comments suggesting that 'Better Work Pledge' might be more effective as a name than 'Good Work Pledge'
- Respondents to date are evenly divided as to whether the Pledge should be a formal accreditation based on an independent assessment of practice (45%), or an informal badge, where responsibility lies with employers to demonstrate aspects of Good Work practice, but where this is not formally assessed (45%). The key message from business respondents was the need to avoid additional bureaucracy and agree on an approach to recognise other accreditations as evidence of achievement to avoid duplication of effort

- The Pledge will need to make clear the benefits to businesses and employers of signing up, both to mobilise membership, but also so that they can measure the impact of positive changes to practice. Suggested areas include:
 - Attracting, recruiting and retaining the best skills and talent
 - Reduced absences and sick leave
 - Higher levels of employee engagement and motivation
 - Increased productivity
 - Cost savings
 - Reputational gain
- An appetite to contribute to, and attend, future engagement events to raise awareness and share best practice
- Additional suggestions of areas the Pledge could capture include: Corporate Social Responsibility (CSR), volunteering, mental health, exporter of talent, leadership, environmental commitments, evidence of moving away from employing temporary agency workers to permanent staff, social value, waste management
- Some VCS respondents have noted the challenge of offering salaries above the minimum wage or longer-term contracts due to contract values and margins. This is likely to be true of similar private sector businesses operating in traditionally low-wage sectors such as health and social care
- At least one response has noted the importance of aligning our work with other Charters e.g. Manchester and Liverpool, working towards a pan-Northern definition of Good Work

2.3. Areas of concern

Three main areas of concern have been identified by the formal and informal responses to the consultation so far.

- i. Firstly, a recognition that whilst there should be broad encouragement to take up the Pledge, it should not be expected or mandated that all businesses take the accreditation up. Expectations around engagement should be realistic and proportionate, recognising specific barriers, for example for micro-SME's.
- ii. Secondly, that the area of Living Wage accreditation is complex and nuanced; after a challenging financial decade many employers, especially in sectors such as health and social care face particular problems with Living Wage accreditation.
- iii. Finally, consideration should be given as to how to structure the Pledge so that it is inclusive of all types of excellent practice. For example, if the Pledge develops as a formal accreditation exercise there must be an easy entry point for small organisations and employers to receive equivalent recognition of good practice.

2.4. Other Considerations

NTCA officers are also speaking to colleagues in the London and Manchester Combined Authorities to further refine the Pledge. In particular, this is to understand the resource implications of different models/approaches to ensure that any design developed for the

North of Tyne Area meets NTCA commitments around value for money and makes effective use of available resources (officer and financial).

3. Next Steps

- 3.1. At the request of businesses and employers we have extended the deadline for responses to the consultation beyond the original date of 15 September 2019.
- 3.2. NTCA officers will complete the analysis of responses during w/c 7 October 2019 and finalise the Pledge in early November.
- 3.3. Cabinet, at its Away Day in August 2019 expressed a preference for a 'soft launch' of the Pledge towards the end of 2019. Officers will factor key dates, such as the annual Living Wage week starting on the 11 November 2019, in their communications plans for the refinement and launch of a final model.
- 3.4. Further information is available at: <https://www.northoftyne-ca.gov.uk/good-work-business-pledge>.

4. Appendices

Appendix 1 – North of Tyne Good Work Business Pledge: Draft

Appendix 2 - North of Tyne 'Good Work' Business Pledge Consultation Survey

5. Background papers

[Inclusive Economy Policy Statement, North of Tyne Combined Authority \(December 2018\)](#)
[Home of Ambition: The Vision for the North of Tyne Combined Authority \(November 2018\)](#)

6. Contact Officers

Leigh Mills - Head of Inclusive Growth

Leigh.mills@northoftyne-ca.gov.uk

7. Glossary

NTCA	North of Tyne Combined Authority
CSR	Corporate Social Responsibility
VCS	Voluntary and Community Sector
ACAS	The Advisory, Conciliation and Arbitration Service

Appendix 1 – North of Tyne Good Work Business Pledge: Draft

North of Tyne – Good Work Business Pledge Draft Model

THE PLEDGES	PLEDGE 1 REWARDING YOUR WORKFORCE	PLEDGE 2 A SAFE AND HEALTHY WORKING ENVIRONMENT	PLEDGE 3 EFFECTIVE COMMUNICATION	PLEDGE 4 DEVELOPING YOUR WORKFORCE	PLEDGE 5 PROVIDING SECURITY	PLEDGE 6 PROMOTING FAIRNESS AND TRUST	PLEDGE 7 PROMOTING HEALTH AND WELLBEING	PLEDGE 8 A BALANCED WORKFORCE	PLEDGE 9 A SOCIAL RESPONSIBILITY
ROUTES TO ACHIEVE	Business commit to: 1. Pay the Real Living Wage 2. Provide additional benefits to workers e.g. flexible working,, discount schemes etc.	Business commit to: 1. Provide a safe and healthy working environment 2. Provide health and safety training for all staff	Business commit to: 1. Value and listen to employees 2. Ensure employees have autonomy and a voice in the running of the business	Business commit to: 1. Invest in training and developing the skills of their workforce to provide progression 2. Provide high quality apprenticeships that promote employment in priority sectors	Business commit to: 1. Value and promote job security and job fulfilment amongst workers 2. Have a zero tolerance on exploitative employment practices	Business commit to: 1. Inclusive practice that allows better access to work and progression and fairness in rights and conditions for all workers 2. Promote fairness and trust across all levels of their organisation	Business commit to: 1. Providing opportunities for workers to develop healthy lifestyles (including mental health, resilience) 2. Demonstrate effective practices in supporting people with health conditions and disabilities to maintain and progress their employment within their organisation	Business commit to: 1. Have a clear vision, values, strategy and policies and processes that promote inclusiveness, health and wellbeing, equality and diversity and workforce development	Business commit to: 1. Demonstrate social responsibility through effective procurement and contracting policies and practices 2. Connect with their customers; giving something back to the community
INDICATOR MEASURE <u>Denotes ONS measure exists</u>	Pay Satisfaction with Pay	Physical Injury	Trade Union Membership Employee Information and Involvement	Use of Skills Work related training Control Opportunities for Progression Sense of Purpose	Job Security Minimum Guaranteed Hours Underemployment	Peer Support Line Manager Relationship	Mental Health Over-Employment Overtime (Paid and Unpaid) Sickness Absence	Workforce Equality and Diversity	Prompt Payments Customer Satisfaction Community Engagement
AWARDS AND ACCREDITATION	Living Wage Employers (Living Wage Foundation) CIPD Chartered Membership North East Better Health at Work Award Dying to Work (TUC)		Disability Confident Investors in People (IIP) #Work Together Employability Charter Timewise Accreditation	Matrix Standard Customer Service Excellence Standard Trading for Good (BITC) Carer Positive	The Great Jobs Agenda (TUC) Good Work for All (BITC) Tech Talent Charter				
SUPPORT	Living Wage Foundation Timewise	Health and Safety Executive (HSE) TUC Unison Fit for Work	Leadership and Management – advice and guidance and training – various organisations	Apprenticeships Adult Education Budget (AEB) ESF Support NE Growth Hub	INSERT SUPPORT SERVICES AVAILABLE	Advisory, Conciliation and Arbitration Service (ACAS)	<ul style="list-style-type: none"> Mental Health in the Workplace (TUC) Access to Work Disability Confident Line Managers Guide Health and Wellbeing Alliance BITC Employer Toolkits Health Needs Assessment (PHE) 	Equality and Human Rights Commission Equality NE Fuller Working Lives	VONNE NEPO Procurement Toolkit National Careers Service

Appendix 2 - North of Tyne 'Good Work' Business Pledge Consultation Survey

The promotion of an inclusive economy is at the heart of the vision for the North of Tyne Combined Authority and is embedded in our devolution deal. A key element of an inclusive economy is ensuring that our people have access to work, but also to 'Good Work' that provides amongst other things security, skills, progression opportunities, a decent standard of living, promotes health and wellbeing and helps to ensure that the North of Tyne area is productive and thriving.

Work has commenced to understand what 'Good Work' should look like in the North of Tyne and how we as a Combined Authority can promote and reward employers that are offering the main elements of 'Good Work'. Our proposals include the development of a Good Work Business Pledge, which would enable employers to understand the key elements of 'Good Work', what they can do to achieve this for their employees and what support is available to help them get there.

We wish to develop our proposals further through a process of co-design with business and other stakeholders and want to know your views on what a Good Work Business Pledge should look like and how it could operate in the North of Tyne area.

We have a number of questions that we would welcome your views on by completing this survey.

Please tell us which sector your organisation or the organisation you work for operates in:

- Public
- Private
- Not for Profit
- Other
- Prefer not to say

Please tell us the size of your organisation or the organisation you work for:

- Fewer than 10 employees
- 10-49 employees
- 50-249 employees
- 250-1000 employees
- More than 1000 employees
- Don't know
- Prefer not to say

Please tell us the geographical area covered by your organisation or the organisation you work for:

- Local town
- Local Authority – Newcastle, North Tyneside or Northumberland
- North of Tyne wide
- North East
- England
- Great Britain
- EU Countries

- World wide
- Prefer not to say

Please tell us the specific sector your organisation or the organisation you work for operates in:

- Academia and education
- Accountancy, banking and finance
- Creative arts and design
- Energy and utilities
- Engineering and manufacturing
- Health and social care
- Hospitality and events management
- Information technology
- Law and legal services
- Law enforcement and security
- Leisure, sport and tourism
- Marketing, advertising and PR
- Property and construction
- Public services and administration
- Recruitment and HR
- Retail/sales
- Science and pharmaceuticals
- Teacher training and education
- Transport and logistics
- Prefer not to say

Questions:

Question 1 – Do you agree with all of the proposed elements to be included in the Good Work Business Pledge and are there any missing? If so, what are they?

Yes / No

Additional Text Comments

Question 2 - Are there any areas within the proposed Pledges that employers could not sign up to due to circumstances beyond their control? If so, what are they and what are the reasons for this?

Yes / No

Additional Text Comments

Question 3 – What would the best routes be to promote and increase take up of the North of Tyne Good Work Business Pledge?

Text Comments

Question 4 – If we include recognition of other accreditations and/or awards in the Pledge model are you aware of any others not listed that should be included?

Text Comments

Question 5 – As a business working towards the Good Work Business Pledge, would you find it useful for us to provide details on additional support that is available to help you to achieve the Pledges?

Yes / No

Question 6 - What other support are you aware of that is provided by other organisations that should be promoted through the Pledge?

Text Comments

Thank you for completing this survey. If you would like to be involved in the development of the Good Work Business Pledge then please provide your contact details below:

Name –

Role -

Organisation –

E-Mail address –

Overview and Scrutiny Committee

8 October 2019

Subject:	2019/20 Budget Monitor Q1
Report of:	Janice Gillespie Interim Section 73 Officer

Report Summary

The purpose of this report is to inform the Committee of the 2019/20 Budget Monitor Report Q1.

Recommendations

The Committee is recommended to note the report on the 2019/20 Budget Monitor Report Q1 that was submitted to and approved by Cabinet on the 30 July 2019, please see Appendix 1.

1. Introduction

- 1.1. At its meeting of the 30 July 2019 Cabinet Members considered the report on the 2019/20 Budget Monitor Q1 which was the first monitoring report on the 2019/20 financial position.
- 1.2. The report presented the forecast financial position for both the Corporate and Investment Fund budgets, set out the potential position on Reserves at the year end and provided the first indication of the potential position of the Authority.
- 1.3. The Quarter 2 budget monitor will be taken to Overview and Scrutiny Committee on the 10 December 2019.

2. Appendices

Appendix 1 – 2019/20 Budget Monitor Q1

3. Background papers

12th March Report to Cabinet 2019-2022 Financial Plan and Budget

4. Contact Officers

Janice Gillespie, Interim Section 73 Officer, North of Tyne Combined Authority
Janice.Gillespie@northoftyne-ca.gov.uk Tel: 6436476

Subject: 2019/20 Q1 Financial Management Report

Report of: Janice Gillespie, Interim Chief Financial Officer

Report Summary

This report is the first monitoring report to Cabinet on the 2019/20 financial position. The report brings together the forecast financial position for both the Corporate and Investment Fund budget and provides the first indication of the potential position of the Authority at 31st March 2020. It also sets out the potential position on Reserves at the year end.

The authority is still in the early stages of set up, but as we have moved through the first quarter significant progress has been made in respect of the appointment of permanent staff, and in terms of the Investment Fund Cabinet have approved a number of projects/programmes which will begin to deliver over the next quarter.

The report also includes details of the proposed use of the EU grant that was received late in 2019/20 which Cabinet is asked to approve.

Recommendations

The Cabinet is recommended to:

1. note the forecast budget monitoring position for the authority as set out in paragraphs 1.2, 1.3 and 1.4 and,
2. approve the use of the EU grant as set out in paragraph 1.2

Background Information

1.1

Summary

Cabinet approved the 2019/20 budget on 12th March 2019. Included in that budget was estimated expenditure across the year for both a Corporate Budget and the Investment Fund.

The budgets were set at a very early stage in the development of the authority and were based on a range of estimates in terms of the establishment of the authority's staffing structure, and the processes development to support delivery of projects and programme aimed at delivery against the vision of the authority.

1.2

Q1 Financial Management Corporate Budget

The corporate budget for 2019/20 set a zero net income / expenditure position, continuing its set up activities, the election of a new Mayor, and remaining recruitment of capacity to deliver the authority's vision.

Table 1 below sets out the forecast outturn position across the key income and expenditure heads as approved by Cabinet. In total there is a small forecast net surplus of £0.021m at the year end. As we move through the financial year any forecast surplus will be adjusted against the contribution from the Investment Fund, currently an estimated £2.400m. For the purposes of transparency this has not been amended for the first report to Cabinet.

Table 1 Q1 Budget Monitoring 2019/20 Corporate Budget

	Budget	Forecast	Variance
Expenditure	£'000	£'000	£'000
Staffing	1,603	1,571	-32
Mayor and officer	170	212	42
Advisors	305	305	0
Miscellaneous (includes election spend)	1,405	1,474	69
Sundry Grant Expenditure	0	91	91
SLA's	197	197	0
JTC Levy	27,074	27,074	0
Total Expenditure	30,754	30,924	170
Income			
Contributions from the constituent Authorities	(-150)	(-150)	0
Mayoral Capacity Fund	(-1,000)	(-1,000)	0
Investment Fund	(-2,400)	(-2,400)	0
AEB Income	(-130)	(-130)	(-0)
Interest Receivable	0	(-100)	(-100)
Use of Reserves		(-91)	(-90)
JTC Levy	(-27,074)	(-27,074)	0
Total Income	(-30,754)	(-30,945)	(-191)
NET (Income)/Expenditure	0	(-21)	(-21)

Corporate Expenditure Variances

Staffing

Whilst still early days progress has been made. In line with the agreed financial envelope, to date 14 posts now been filled. Recruitment is in progress for a further 10 posts some of which are currently being filled by seconded staff (6).

Overall the cost of the establishment remains largely in line with the budget, currently projecting an overall over-commitment of £0.010m. The timing or recruitment is such that the one-off expenditure associated with the appointment of the director posts is contained within the overall staffing envelope.

Advisors

There is currently a relatively low level of commitment against this budget; however, as this is early in the financial year a prudent forecast has been assumed that the budget will be expended in full.

Miscellaneous expenditure including election

This category contains both positive and negative variances with a predicted net over-commitment of £0.069m.

The cost of the election is forecast to underspend in the region of £0.045m after a contingency of £0.030m for costs not finalised. Accommodation spend is predicted to be £0.045m over budget, this includes one off project management costs of £0.021m. Investment in ICT Equipment and furniture of £0.056m has been incurred this will be presented as capital expenditure in the future, but as this is funded by revenue there is will be no change to the overall funding position of the authority.

Sundry Grant Expenditure

Cabinet are aware that late in 2019/20 the authority was awarded a £0.091m grant to support the preparations for the exit from the European Union and further to this Cabinet agreed a proposed approach to BREXIT agreed at its meeting on 5 February 2019 with the recommended approach based on:

- continuing to work with the NELEP 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;
- 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.

Officers have worked with the LEP and are proposing to make a contribution of £0.090m to support additional capacity over the next 2 years to support the delivery of a Brexit work programme over the North of Tyne and North East Combined Authority area, and £0.050 in respect of the specific work programme.

Service Level Agreements

The Service Level Agreements (SLAs) cover IT, insurance, communications, payroll, governance, audit and HR. Whilst some of these are still being updated for 2019/20, there is no material change expected to the overall financial envelope for these costs.

Joint Transport Committee levies

These will remain as per budget.

Other Income Variances

AEB Income

Following the budget being set the authority secured approval for the AEB implementation grant to support additional capacity. The increased income forecast directly relates to staff costs proposed to be funded by this grant during 2019/20.

Interest Receivable

The authority has now received £40m of the devolved funding to date current treasury management activity is securing interest, albeit at a relatively low rate.

Investment Fund Q1 Monitoring

There has been little actual expenditure defrayed to date, but signed contracts are now in place for some projects approved by Cabinet in the later part of 2018/19 and the first quarter of 2019/20.

The following Tables summaries approvals by Cabinet to date (not including any approvals presented to Cabinet at this meeting), and how these are currently profiled over future years. These committed work streams total £1,034k during this financial year.

Table 2 Investment Fund Commitments

	Total Project Cost	Investment Fund Commitment Approved
	£'000s	£'000s
Business: Inward investment	20,100	3,000
People: STEM and Digital Skills	731	635
Place: Culture, creative and tourism	400	400
Project D&D: Business case development fund	1,379	1,041
Economic Inclusion programme	6,000	3,000
Total	28,610	8,077

Table 3 Forecast Investment Fund Approved spend profile

	Financial year				Total
	19/20	20/21	21/22	22/23	
	£'000s	£'000s	£'000s	£'000s	
Business: Inward investment	0	1,000	1,000	1,000	3,000
People: STEM and Digital Skills	129	202	197	108	635
Place: Culture, creative and tourism	400	0	0	0	400
Project D&D: Business case development fund	505	464	72	0	1,041
Economic Inclusion programme	0	1,000	2,000	0	3,000
Total	1,034	2,666	3,269	1,108	8,077

What can be seen from Table 2 above is that a significant level of leverage anticipated to be secured through the investment decisions made to date.

In terms of projecting the overall forecast outturn for the Investment fund for 2019/20 at this stage in the year the assumption has been made that all lines of the budget will be as planned. This is illustrated in Table 4 below.

Table 4 Q1 Budget Monitoring Investment Fund	Budget 19/20	Forecast 19/20	Variance
	Budget	Forecast	Variance
Expenditure	£'000	£'000	£'000
Supporting Business Case development	750	750	0
Work streams	975	975	0
Technical Support	250	250	0
Contribution to Corporate Costs	2,400	2,400	0
Total Expenditure	4,375	4,375	0
Income			
Investment fund	(20,000)	(20,000)	0
Total Income	(20,000)	(20,000)	0
NET (Income)/Expenditure	(15,625)	(15,625)	0
Investment Reserve Brought forward	(19,012)	(19,550)	(538)
Net Investment Fund Reserve Carried Forward	(34,637)	(35,175)	(538)

1.4 Movement in Reserves Statement

Based on the current assumed forecast outturns set out above in paragraphs 1.2 and 1.3 an update on the reserves position is shown in Table 4 below.

Table 4 Movement in Reserves

Opening Balance 1 April 2019	Transfer in/(out) during 2019/20	Closing Balance 31 March 2020	Reserve
£'000	£'000	£'000	
91	0	91	Homeless Veteran Grant
91	-91	0	Preparing to Exit EU Grant
200	0	200	Strategic Reserve
19,551	15,625	35,176	Investment Fund Reserve
19,932	15,534	35,466	

Officers are working with the three constituent North of Tyne Authorities to determine the appropriate use of the Homeless Veteran Grant with a report being brought back to Cabinet on the proposed use.

2. Potential Impact on Objectives

2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The budget will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies and priorities.

3. Key Risks

3.1 There are no key risks identified at this time.

4. Financial and Other Resources Implications

This is substantially a financial report with all implications set out in the details of the report.

5. Legal Implications

There are no legal implications.

6. Consultation/Engagement

Consultation has taken place with the key personnel and interested parties involved in the managing the authority's budget.

7. Appendices

7.1 None

8. Background Papers

8.1 12th March Report to Cabinet 2019-2022 Financial Plan and Budget

9. Contact Officers

9.1 Janice Gillespie, Chief Finance Officer, janice.gillespie@northoftyne-ca.org.uk

Donna Martin, Principal Accountant, donna.martin@northoftyne-ca.org.uk

10. Glossary

10.1 **None**

11. Sign-off

11.1 Interim Head of Paid Service: Yes

Interim Monitoring Officer: Yes

Interim Chief Finance Officer: Yes

Overview and Scrutiny Committee

8 October 2019

Subject:	2020/2024 Financial Planning and Budget Process
Report of:	Janice Gillespie Interim Section 73 Officer

Report Summary

The purpose of this report is to inform the Committee of the 2020/2024 Financial Planning and Budget Process.

Recommendations

The Committee is recommended to note the report on the 2020/2024 Financial Planning and Budget Process presented and approved to Cabinet on the 26 September 2019, please see Appendix 1.

1. Introduction

- 1.1. At its meeting on 26 September 2019 Cabinet considered a report from the Chief Finance Officer regarding the 2020/2024 Financial Planning and Budget Process for the North of Tyne Combined Authority. This was an initial report outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2020/21 as part of the proposed framework for the four years 2020/21 to 2023/24. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2020/21. The next report to Cabinet will be on 26 November 2019, which will outline the budget proposals.
- 1.2. The report sets out information in relation to the proposed 2020/24 Financial Planning and Budget process, including information on the key decision milestones including:
 - The development of a Medium-Term Financial Strategy (MTFS), and
 - Development of the detailed budgets for 2020/21.

1.3. This Committee's comments on the 2020/2024 Financial Planning and Budget Process for the North of Tyne Combined Authority will be reported to Cabinet on 26 November 2019.

2. Appendices

Appendix 1 – 2020/2024 Financial Planning and Budget Process

3. Background papers

[NTCA Economic Vision](#)

4. Contact Officers

Janice Gillespie, Interim Section 73 Officer, North of Tyne Combined Authority
Janice.Gillespie@northoftyne-ca.gov.uk Tel: 6436476

Subject: 2020-2024 Financial Planning and Budget Process.

Report of: Interim Chief Finance Officer

Portfolio: All

Report Summary

This is the initial report to Cabinet outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2020/21 as part of the proposed framework for the four years 2020/21 to 2023/24. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2020/21. The next report to Cabinet will be on 26 November 2019, which will outline the initial Budget proposals.

This report sets out information in relation to:

- The proposed 2020-2024 Financial Planning and Budget process, including information on the key decision milestones. This will include:
 - The development of a Medium-Term Financial Strategy (MTFS), and,
 - Development of the detailed budgets for 2020/21.

Recommendations

The Cabinet is recommended to approve

- (a) Approves the proposed outline 2020-2024 Financial Planning and Budget process, which incorporates the key decision milestones and dates as set out at Appendix A to this report.

1. Background Information.

- 1.1 The Budget and Policy Framework Procedure Rules are set out in Part 2.1 of the Authority's Constitution. The Budget is guided by paragraph 3 covering the process for the preparation, consideration and final approval of the Authority's Budget. The

constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.

The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that the Budget is considered as part of preparing the Annual Governance Statement to the Authority each year.

Home of Ambition: the vision for the North of Tyne Combined Authority

On the 8 November 2018 Cabinet approved the vision for the North of Tyne Combined Authority (NTCA). The Vision is a key strategic document which sets out the vision, objectives and priorities of the NTCA. The priorities in the economic vision provide the strategic policy framework within which budget resources will be allocated for 2020-2024. In addition to setting the strategic direction for the NTCA, it provides the basis for investment decisions.

The vision was developed over the months following the agreement of the Devolution Deal and in advance of the NTCA being constituted. The Vision builds on strong economic evidence and encompasses feedback received through stakeholder engagement. It sets out key priorities and the first steps in the journey around six key pillars and is a guide to Investment decision.

The vision provides the NTCA with the opportunity to take a long-term strategic approach to capitalising on the area's key assets and strengths and address key economic challenges. Underpinning the Vision is the NTCA's commitment to deliver an inclusive economy. Detailed work has been undertaken to model the potential economic and social benefits of a range of different types of investment to support and inform decision making.

During 2018/19 and 2019/20 the authority has received £40m of the devolved investment fund agreed as part of the devolution deal. Whilst still early days the authority has to date approved over £11.5m in investment to deliver actions against the vision.

The devolution deal specifies a set of impact measures that will be used to determine the success of these investments, these measures include the creation of new jobs, economic growth as measured by GVA and the amount of private sector investment attracted to the area. A 5-yearly gateway-review process will be undertaken with Central Government to assess progress against these measures.

Adult Education Budget (AEB)

A key element of the North of Tyne Combined Authorities Vision and its devolution deal with Central Government was the devolution of the Adult Education Budget (AEB) for the area – this is likely to be in the region of £22m per annum.

The devolution of this important budget will allow us, over time, to ensure training and skills provision responds to local needs to a much greater extent than is currently the case.

In July 2018, the Government, via the Minister for Skills and Apprenticeships, agreed to the devolution of the AEB in 2020/21 and following approval from the authority and all the constituent authority the relevant order is now progressing through the legislative process with the intention being the authority begins delivery of the AEB in August 2020. The 2020/21-2023 Budget and financial will be developed on the assumption this will progress.

Levies

As for 2019/20 the authority will be required to raise the levies on the constituent authorities, so an important part of the budget setting process is ensuring the timetable meets the relevant statutory deadlines for the issuing of the Transport Levy. The relevant dates for the Joint Transport Committee meetings have been included within timetable at Appendix A.

Local Enterprise Partnership Budget (LEP)

The Mayor and Cabinet are aware that as part of the Deed of Co-operation regarding the Joint Transport Committee and the LEP, officers have been working to progress the transfer of the accountable body functions. At the time of writing this report the LEP board had agreed in principle to the NTCA becoming the accountable body for the LEP. Consideration will need to be given as to the inclusion of the 2020/21 LEP budget as part of the Mayor's and Cabinet's overall budget proposals.

1.2

Developing a Medium-Term Financial Strategy (MTFS)

A Medium-Term Financial Strategy (MTFS) should be developed within the context of the strategic priorities and policy decisions made by the Mayor and Cabinet. This ensures that the authority's strategic plans can be delivered within the financial resources available. In addition, the MTFS ensures the authority has a clear financial vision and direction for the medium-term and that the Mayor and Cabinet understand the financial implications of decisions that it is taking.

As part of the 2020-2024 Financial Planning process, the development of an MTFS will be continue. The approach will include:

Analysis of the current financial situation, including the main sources of income, the main financial commitments and the levels of reserves currently held;

The development of a set of key principles as part of the process to develop the Financial Plan and Budget. These are based on best practice guidance produced by the Chartered Institute for Public Finance and Accountancy (CIPFA) and are set out below:

The overall Financial Strategy will be to ensure that the Authority's resources are directed to achieving the Vision and associated outcomes. The Authority's strategy will be reviewed on at least an annual basis;

Overall, authority spending should be contained within original Budget estimates. If, following monthly revenue monitoring, where Service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates;

The Authority will maintain its Strategic Reserve at a minimum level of £0.200m at the end of each year, subject to a risk assessment as part of the annual Budget-setting process;

The Authority will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the Strategic Reserve;

The Authority will plan for any changes to specific grants/interim funding/financial settlement/legislation;

The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually;

The Authority will continue to develop its approach to efficiency, commissioning and procurement to ensure value for money;

Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery;

The Authority will work with MHCLG to secure appropriate borrowing powers and will consider the use of prudential borrowing to support capital investment to deliver the Vision and will ensure that the full costs of borrowing are considered when investment decisions are taken;

The Authority will continue to consider business risk in all decision-making process and, alongside this, ensure that resources are aligned to reduce any material financial risk to the Authority; and

The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an on-going focus on delivering safe stewardship.

1.3 Equality and Diversity Considerations

The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equality's legislation are considered prior to any decision being made. The Authority will continually monitor the effect of our Budget-setting process and decision-making by using equality impact assessments.

Full impact assessments will be included in all proposals for inclusion with the initial Budget proposals in November 2020 in order to be available to the Mayor and Cabinet

when it further considers the Financial Plan and Budget proposals on 26 November 2019.

1.4 **2020/21 Financial Planning and Budget process Timetable of Key Decision Milestones**

Key aspects of the 2020/21 Financial Planning and Budget process timetable are set out at Appendix A to this report. This highlights key decision milestones in the process

2. Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority, detailing the key priorities and the first steps in the journey around the six key pillars. The budget will enable the Authority to properly discharge its functions and assist in delivering the Authority's vision, policies and priorities.

3. Key Risks

- 3.1 There are no specific risks relating to this report.

4. Financial and Other Resources Implications

- 4.1 The financial implications arising from the outcomes of this report will be appraised as part of the decisions made as to what will be included in the Authority's 2020-2024 Financial Plan, incorporating the 2020/21 Budget-Setting process.

The Mayor and Cabinet need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Financial Plan for 2020-2024 in accordance with the Authority's Reserves and Balances Policy.

5. Legal Implications

- 5.1 The Authority is required to agree a balanced budget annually and to monitor that budget throughout the year. The Authority must also make provision for an adequate level of un-earmarked reserves. It is also required to ensure that good financial governance arrangements are in place.

6. Consultation/Engagement

- 6.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2019/20 Budget was based on the devolution deal and the Parliamentary Order which created the Authority and the Authority's Vision which has been agreed by Cabinet and is being shared with stakeholders in a range of events.

Consultation with the Business Community and the Community and Voluntary Sector has continued through 2019/20 as part of the overall approach to engagement undertaken with these sectors. In addition, the attendance at Cabinet of both the Ambassador for business and the Ambassador for the Community and Voluntary sector will add to the opportunity for engagement.

Consultation with the providers of the AEB has been undertaken since 2018/19 and will continue as the proposals for delivery of the AEB are developed.

7. Appendices

7.1 Appendix A 2020-2021 Budget Setting Timetable

8. Background Papers

8.1 Constitution

Order

AEB reports

Vision approval

March 2019 budget approval

9. Contact Officers

9.1 Janice Gillespie, Interim Chief Finance Officer, E-mail address:

Janice.gillespie@northtyneside.gov.uk 0191 6435701

10. Glossary

10.1 AEB – Adult Education Budget

CIPFA – Chartered Institute for Public Finance and Accountancy

LEP – Local Enterprise Partnership

MTFS - Medium-Term Financial Strategy

MHCLG – Ministry for Housing, Communities and Local Government

NTCA - North of Tyne Combined Authority

11. Sign-off

11.1 Interim Head of Paid Service: Yes

Interim Monitoring Officer: Yes

Interim Chief Finance Officer: Yes

Appendix A Budget Setting Timetable

DATE	EVENT/MEETING	ACTION
26 September 2019	Cabinet Meeting	To consider and agree 2020/21 budget process/timetable for both the Authority and Mayoral budgets.
8 October 2019	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for both the Authority and Mayoral budget
19 November 2019	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation
26 November 2019	Cabinet Meeting	Consider and agree the draft budget proposals in respect of the Authority
10 December 2019	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Budget proposals
15 January 2020	NTCA Overview and Scrutiny Committee Workshop	Work shop to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.
21 January 2020	Joint Transport Committee/Tyne and Wear Sub-Committee	Consider and agree Transport budget and levy proposals.
28 January 2020 Note: The Mayor's draft Budget must be presented before 1 February in any financial year.	Cabinet Meeting	To consider outcomes of consultation and recommendations from Overview and scrutiny and agree final proposals for the Authority's Budget Receive the Mayors draft budget proposals Formally agree to issue the Transport Levy to constituent authorities.
Before 8 February 2020 (additional meeting needed)	Cabinet	Cabinet meet to agree recommendation to the Mayor in respect of the draft Mayoral budget.
11 February 2020	Overview and Scrutiny Committee	Consideration of Authority's and Mayor's final budget proposals

25 February 2020	Cabinet	Cabinet consider O&S Final Recommendations and approve the Authority's and Mayor's Budget.
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