

## North of Tyne Combined Authority, Overview and Scrutiny Committee

Tuesday 13 October 2020 at 10.00am

The meeting will be held remotely and live streamed - please follow the link below:

<https://youtu.be/UgyJM8pBqg>

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### AGENDA

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	Page No
1. <b>Welcome and Introductions</b>	
2. <b>Apologies</b>	
3. <b>Declarations of Interest</b>	
4. <b>Agree the minutes of the meeting held on 30 June 2020</b>	<b>1 - 10</b>
5. <b>Covid-19 Response and Recovery Proposals</b>	<b>11 - 18</b>
In attendance: Dr Henry Kippin, Director of Economic Growth	
Attached: Report	
6. <b>Adult Education Budget Update</b>	<b>19 - 58</b>
In attendance: Cllr Joyce McCarty, Cabinet Member for Employability and Inclusion and Dr Henry Kippin, Director of Economic Growth	
Attached: Report	

7. **Schools and Education Update** **59 - 74**
- In attendance: Paul Hanson, Interim Head of Paid Services and Lead Chief Executive for Education
- Attached: Report
8. **North East Local Enterprise Partnership Update** **75 - 114**
- In attendance: Helen Golightly, Chief Executive North East Local Enterprise Partnership
- Attached: Report
9. **North of Tyne Communications** **115 - 118**
- In attendance: Stuart Tarbuck, Head of Communication, Engagement and Organisational Development
- Attached: Report
10. **Financial Planning and Budget Setting Process** **119 - 126**
- In attendance: Janice Gillespie, Interim Chief Finance Officer (Section 73 Officer)
- Attached: Report
11. **2019/20 NTCA Outturn (Year End)** **127 - 154**
- In attendance: Janice Gillespie, Interim Chief Finance Officer (Section 73 Officer)
- Attached: Report
12. **Q1 Budget Monitoring** **155 - 164**
- In attendance: Janice Gillespie, Interim Chief Finance Officer (Section 73 Officer)
- Attached: Report
13. **Date and Time of Next Meeting**
- 8 December 2020 at 10.00am

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30 June 2020

(10.00am - 12.20pm)

The meeting was held virtually and live streamed.

## **Draft Minutes**

### **Present:**

Chair: Cllr G A Roughead

Vice Chair: Cllr L Wright

Councillors: S Dungworth, P Earley, S Graham, M Hall, A Lower, G Stewart, and S Fairlie

### **57 WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the virtual meeting and clarified that the meeting was being held under the Local Authority Coronavirus Regulations 2020 to allow local government formal meetings to proceed on a virtual basis.

### **58 APOLOGIES**

Committee noted that Cllr Paula Holland was now a Cabinet Member for Newcastle City Council and no longer a member of the Overview and Scrutiny Committee. The Chair wished her well in her new position. Cllr Fairlie attended in place of Cllr Holland.

### **59 DECLARATIONS OF INTEREST**

None

### **60 AGREE THE MINUTES OF THE MEETING HELD ON 10 MARCH 2020**

The minutes of the meeting held on 10 March 2020 were agreed as a correct record and 'signed' by the Chair via email after the meeting.

### **61 COVID-19 NTCA RESPONSE AND RECOVERY PLANS**

Submitted: Report of the Director of Economic Growth (previously circulated and a copy attached to the Official Minutes)

Henry Kippin introduced the report the purpose of which was to provide the Committee with an overview of how the North of Tyne Combined Authority is supporting recovery from Covid19 within the region. It outlines the framework that is being used and a number of key initial areas of activity that will be followed up in more depth with the Committee at future meetings.

Members received a presentation covering the following points:

- **Impacts** – what is happening in the North East?
- **Response** – how have we responded as a CA?
- **Recovery** – what does it mean, and how do we plan for it?
- **Proposals** – the basis of a new deal and future investment.

During the presentation H Kippin explained the supportive role of the Combined Authority working with partners and organisations in response to the current crisis.

He emphasised the deep shock to society, economy and public services and the toll on UK businesses, who had been hit the hardest. There was no straightforward recovery and the exit from the crisis will be tentative and phased. Investment in city centres, energy and the automotive sector will change.

Referring to the local impact, committee were informed of survey data highlighting the effect on businesses, 97% of businesses have been directly impacted by Covid-19; 85% of businesses are worried about future income; 44% of businesses indicate supply chain disruption and 35% of businesses are worried about potential closure.

The most vulnerable and disadvantaged that have been hardest hit, those who were 'just about managing' face an uncertain future, 43,000 more people – 35% - were on Universal Credit in the North East LEP area between 12 March & 9 April; 24% of workforce is furloughed; the young are particularly vulnerable and apprenticeships and training schemes are already suffering.

The response so far -- the North of Tyne has contributed towards actions specific to the North of Tyne areas and then supported regional recovery plans. Resources have been unlocked to support local responses; business, communities and place impacts.

The digital divide – Money had been invested in the digital divide for the provision of equipment for marginalised children and adults. The authority has also played a key role in cross regional planning.

Sustaining and accelerating NTCA Programmes – including skills, investment programme and key plans for clean growth recovery.

Convening, collaborating and sharing resources – to support our local authorities at a time of stretched capacity across the board.

Committee was advised on the proposed recovery process and provisional time scales of approximately 6 – 12 months. There will be no quick fix and the authority

will need to adapt to new ways of working; the new normal. Support to businesses/industries will also be part of this work.

H Kippin highlighted key points on how the authority will adapt to new ways of working which included:

- Restoring public confidence whilst in recession and a potential second wave and different demand patterns in health and care.
- Planning for the economic recovery in the region.
- Supporting the tourism economy.

The final slide in the presentation was based on what 'good' will look like for the Combined Authority. The region has previously dealt with shocks very well however, recovery from the pandemic will take longer than in the past. The authority will need to push and fight to secure investment; support and build on the expertise already in the region such as engineering and successfully developing ports; and continue to renew, adapt and innovate.

Further information was provided on Brexit; addressing inequalities (health, race, wealth), skills/education gaps and valuing the people/jobs that got us through crisis; accessing specific funding pots and ensure that the North East leads the national recovery.

H Kippin responded to comments/questions from Members which included:

- A member referred to recent media reports about the number of large employers who are considering switching staff to permanent home working. If this were to happen the large Business Parks in North Tyneside would be directly affected, resulting in empty office space. In response H Kippin agreed with the comment and explained that the position moves week by week. In some sectors home working is successful and efficiencies have been made. Larger companies are starting to rethink office space particularly those occupying office space in expensive high-rise buildings. There was a balance between allowing staff to work from home and the overall impact on Business Parks.
- Reference was made to public transport and the impact of Covid-19. People are wary and are reluctant to use it. This has severe ramifications for everything that has been done to avoid congestion in the City and the campaigns to encourage greater use of public transport. H Kippin was asked what could be done to encourage people back to using public transport and reduce the use of single person car journeys. In responding H Kippin acknowledged that there is the danger of slipping back to increased car use undermining all of the work undertaken to create cleaner cities and towns. The promotion of active travel, cycling and walking is to be welcomed. Sustainable travel becomes an issue as government subsidies are passed directly to the transport operators. Also, cleaner, uncongested towns and cities are pivotal to tackling climate change.
- A further question was asked in relation supporting furlough. The scheme is excellent but is coming to an end and does not differentiate between services.

An example was given of services that have responded quicker and staff have returned to work, such as construction and retail. Services such as the Arts and Hospitality will require extra support as furlough ends. H Kippin was asked if the Combined Authority could provide extra support to local businesses. H Kippin advised Members that the Combined Authority were considering a scheme to subsidise employers to enable new employment or training opportunities: a scheme similar to the Future Jobs Fund.

- A comment was made in relation to the £6m Covid-19 Response Fund and whether a report on the areas of spend will be presented to a future meeting of the committee. In particular the amount of funding provided to school for computers, are they on loan or will people be allowed to keep them; providing broadband connection and what will happen when the funding has stopped; the funding to businesses and the spread across the region and whether it has been successful. It was also suggested that the Combined Authority could open up with the Local Government Association and share experiences/knowledge. In response H Kippin advised that information was already available in respect of the Response Fund; this can be made available at a future meeting. He stressed that collaboration locally regionally and nationally was an important aspect in the recovery process and was working successfully. A request was made for a heat map that will identify who has benefitted from the funding.

At this point Mayor Driscoll updated the Committee on his role specifically during the pandemic. Some of the key points were:

At the start of lockdown, the government had not introduced the furlough scheme, there were limited resources therefore a targeted approach was required. The Mayor held discussions with the constituent local authorities to ascertain there the services that required support and suggested that they come forward with proposals.

Support for digital inclusion was given to staff in care homes, young and vulnerable people.

Regarding transport, government supported national rail companies but not light rail which included the metro system.

The 7 local authorities of the North of Tyne Combined Authority, the North East Combined Authority, the Local Enterprise Partnership and the Universities have worked together to provide support to wherever it is needed to enable the region to survive and move forward. He also advised that the government would shortly make an announcement about further funding.

Mayor Driscoll responded to questions/comments received from members which included:

- Reference was made about the impact of Covid-19 on people and the number of jobs that have disappeared. Mayor Driscoll was asked for his views on what can be done to improve life chances. In response Mayor Driscoll explained that the provision of job opportunities was the remit of the Inclusive Economy Board. Unfortunately, apprenticeships were not always completed, and young people

left their early. Work has been commissioned to investigate the reasons as to why this has happened. Job opportunities could be created through inward investment in for example Off-Shore work and further devolution.

- A follow up question was asked as to whether apprentices have to sign a form committing to completion of the training. Mayor Driscoll advised that the principle of training young people has not changed and is very much the same as in earlier times.
- A question was asked about the large volume of work within local government in general and whether the Combined Authority has the capacity and skills to provide the necessary support to such a large geographical area. Mayor Driscoll commented that the budget position within local authorities is alarming due to providing support and responding to the crisis. The authority and partners were successfully working together to support all businesses. The region has some of the best skilled people to support industry
- A final comment was made about the good working relationship between the Mayor and the three constituent authorities, but it was also stressed that it was important to reach people through improved communications; people need to know what we are doing. The Committee were informed that the Head of Communications was to take up his position the following week.

**RESOLVED** - that the Overview and Scrutiny Committee noted the contents of the report and endorsed the overall approach being proposed.

## 62 **MAYORAL UPDATE - FIRST YEAR IN OFFICE**

Mayor Driscoll had previously provided a briefing note, a copy of which was circulated and attached to the Official Minutes.

Mayor Driscoll provided a brief overview on his first year in office highlighting the following points:

Realisation that it would be a difficult year in terms of creating a new organisation, a general election, Brexit and now coping with a global pandemic.

An excellent team are now in place and work extremely well. The Head of Paid Service continues to rotate around the constituent authorities.

Since its inception the authority currently has programmes in place worth £27m. Based on current commitments 2,571 jobs are forecast to be created with 453 already secured. Another 180 jobs have been signed off but at the time of the meeting were still confidential.

In terms of delivery jobs were increasing; vulnerable people including those in abusive relationships are being supported, providing opportunities for economic independence.

Referring to the green economy an environmental policy is now in place which commits the authority to zero emissions. £24m has been committed to green

industrial development; £12 million for offshore renewable energy, £10 million for a Green New Deal Fund to stimulate job in low carbon innovative projects and £2 million for a Green Growth skills programme.

The Adults Education Budget will be devolved on 1 August. Some of the funding will be available to allow people to retrain after Covid-19.

Transport powers and further devolution will bring huge benefits in terms of funding and strategic planning across the network. In the budget on 11th March, Government confirmed that there would be a share of the £4.2 billion transport infrastructure fund available if there was one mayoral combined authority across the Tyne and Wear region.

Mayor Driscoll responded to questions/comments received from members which included:

- Referring to devolution Mayor Driscoll was asked if he had done any work with the Centre for Urban and Regional Development Studies to commission work looking at data to support the North of Tyne's case for further devolution. Mayor Driscoll advised that work is being undertaken but not specifically with the Centre for Urban and Regional Development Studies on what different models of fiscal devolution would work for the North East.
- A comment was made in reference to the position of Deputy Mayor which should not be confused with the role of a Civic Mayor, which is an appointment made on a rotational basis; the need for improved communication to publicise the work of the Combined Authority across the North of Tyne area; the important work undertaken during the pandemic crisis has not been prominent in the media, and the involvement of more people across the whole authority. Responding to the comment Mayor Driscoll explained that the favoured approach is to engage when the North of Tyne has delivered on a project or job creation. He also gave an example of the Greater Manchester Combined Authority which is well known but has been in existence for a relatively long time.
- A member referred to the work of the Inclusive Economy Board and asked Mayor Driscoll if priorities will now change as a result of Covid-19. In response Mayor Driscoll explained that issues pre Covid still remain however the long-term objectives remain the same.
- Mayor Driscoll responded to a question regarding progress with the Community Bank and when it will come into being explaining that discussions have taken place as to the preferred model; a report will be presented to a future meeting of the Cabinet. Market research is required, and, he emphasised that it will not be a Community Bank of the North of Tyne Combined Authority, it will be a people's bank. As to when it will come into existence Mayor Driscoll explained that this was dependent on Covid-19 and the Bank of England, but not for at least 18 months.
- Reference was made to Green Growth and whether Covid-19 has halted the progression of a Citizens Assembly and, on - line engagement used by local authorities, community groups and town halls. Mayor Driscoll was asked if he

was considering a different model of the Citizens Assembly to maybe engage with smaller groups which would enable more productive discussions followed by a face to face meeting with the entire Assembly whilst practising Social Distancing. In response Mayor Driscoll stated that the officers are looking at the possibility of using a digital democracy provider, people who are expert in live discussions. However, this does have problems when government advice is constantly changing. Mayor Driscoll was also asked if he was still considering a meeting of the Citizens Assembly or a variance of the group sometime this year. Mayor Driscoll advised that this was still the plan although this could change due to such an unpredictable virus.

- A Member referred to Adult Education and asked what procurement proposals were in place to deliver on-line learning signpost people to on-line resources. Mayor Driscoll stated that the education team have continued to discuss what can be provided using on-line resources but acknowledged that there are courses/training that are impossible to deliver, for example hairdressing.
- A final question was asked in reference to carbon neutral jobs and whether Mayor Driscoll could improve the poor performance of the area. In responding Mayor Driscoll referred to the north bank of the Tyne which is a significant manufacturing base currently working in the gas and oil sector.

At this point Mayor Driscoll updated the Committee on a government announcement stating that £25m funding is to be available to the North of Tyne for housing delivery on brown field sites. The funding had not been available to all Combined Authorities.

Mayor Driscoll ended his briefing by expressing his appreciation of how well the Overview and Scrutiny Committee have worked over the last year.

The Chair thanked Mayor Driscoll for his attendance at Committee.

## 63 **NORTH EAST LEP GOVERNANCE**

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

John Softly presented the report which set out NTCA's role as accountable body to the North East Local Enterprise Partnership (North East LEP) and highlighted 2 key points:

The North East LEP is not a legal entity itself and therefore requires an Accountable Body to allow it to employ staff, enter into contracts and budget/funding arrangements. The North of Tyne Combined Authority has now taken on the role of Accountable Body.

The LEP retains responsibility for decision making and its strategic direction and operational arrangements. The Combined Authority must satisfy itself that the legality and financial probity of any decisions which it implements on behalf of the North East LEP. With regards to decisions made by the LEP, NTCA itself will have to ensure that those actions are authorised through its own decision-making structure. Given that the scope of NTCA's decision-making in this regard is

essentially restricted to the assurance role set out in the preceding paragraph in the report, such decisions have been delegated to the Head of Paid Services.

There will be a quarterly report to Cabinet about the work of the North East LEP. This report will also be reported to the Overview and Scrutiny Committee.

At this point Helen Golightly, Chief Executive of the North East LEP gave a brief overview of how the LEP operates. Its key roles are to:

- a) Develop and have oversight of evidence-based regional economic strategies and plans. There are 38 LEP's nationally with regional locations. One of the key roles of the LEP is the development of evidence based economic plans brought together by partner organisations.
- b) Provide economic leadership, co-ordination and influence - in and for the North East
- c) Secure funding for investment. To provide funding for the economic strategies and partner priorities.
- d) Take action through programmes of delivery. The North East Strategic Economic Plan covers a 10-year period from 2014 – 2024.

Attention was drawn to the North East LEP Governance and decision-making slide. H Golightly explained that the membership was both public and private; 9 members from the private sector, 6 from the public sector, 2 from higher/further education and 1 from the Voluntary and Community Sector, making 18 members in total. There are also 4 sub boards which reflect the 4 out of the 5 programmes within the Economic Plan. The boards cover the following areas: Innovation, Business Growth, Skills Advisory Panel and Investment. The boards are all advisory with the exception of the Investment board which has some authority to make decisions.

There is a scheme of delegations in place in respect of operational delivery; this applies to officers only.

The final slide showed the relationship between the LEP Board and the North of Tyne Combined Authority. The North East LEP is responsible for decision-making in terms of its strategies, programmes and priorities.

H Golightly responded to questions/comments received from members which included:

- The makeup of the LEP Board – female/male gender balance. In response H Golightly explained that in 2018 new central government guidelines were introduced with various points that all LEP's had to adhere to. The Board could not be more than 20 members; it could not be more than a third public sector and a minimum of one third female representation. There was also one BME representative and one SME representative. The individual Boards consist of members with various specialisms. Clarification was provided regarding local authority members who are appointed on the position they

hold in their constituent authority The Committee were advised that full details were available on the North East LEP website.

- A comment was made that the last review of LEPS nationally showed a large underspend and H Golightly was asked how the North East LEP had used their underspend and, were the funds used to support Covid-19. H Golightly explained that the reviews are carried out on an annual basis with government ministers. The purpose of the reviews is to discuss performance in relation to spend the North East LEP was only 1 of 2 in the exceptional category. In terms of the Local Growth Fund the North East LEP ensures that all of the allocation is spent. At the outset of the Pandemic the Board met and agreed to ring fence £5m towards Covid-19 activity.

**RESOLVED** that the Overview and Scrutiny Committee:

- i) Noted the contents of the report
- ii) Agreed the proposed method of scrutiny for the North East LEP as set out in paragraph 3 of the report.

#### 64 **AGREEMENT OF WORK PROGRAMME 2020/21**

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

Elizabeth Kerr presented the report and thanked everyone for attending the workshops. The report provided members with the opportunity to agree the initial work programme for the 2020/21 municipal year.

The work programme is flexible and is likely to change throughout the year to respond to Covid-19 matters as they arise, and make any recommendations considered appropriate.

A brief discussion ensued relating to the North East Local Enterprise Partnership (North East LEP) and the timing of reports to Committee following a comment from a Committee Member that the Overview and Scrutiny should see reports before Cabinet. The Interim Monitoring Officer John Softly advised Members that he would check the dates of the North East LEP Board meetings as it was necessary to ensure that information when provided to Cabinet and Overview and Scrutiny Committee was not out of date. John Softly to notify the Policy and Scrutiny Officer of the next date for Committee to receive an update on the North East LEP.

**RESOLVED:** that the Overview and Scrutiny Committee approved the proposed work programme for 2020/21.

#### 65 **DATE AND TIME OF NEXT MEETING**

13 October 2020 at 10.00am

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Subject: Covid-19 Response and Recovery Proposals  
Report of: Dr. Henry Kippin, Director of Economic Growth

## Report Summary

The purpose of this report is to outline the role NTCA is playing in supporting Covid response and recovery in the region. It is accompanied by an Appendix which sets out key facets of the recovery 'deal' that has been submitted to Government in advance of the Comprehensive Spending Review. It also briefly describes the ways in which NTCA has responded to issues within the education and skills sector – which are also addressed at length within separate papers on the devolution of the Adult Education Budget and Education Improvement.

## Recommendations

The Overview and Scrutiny Committee is recommended to note the information and make any comments and/or recommendations as appropriate.

### 1. Background

- 1.1 The impact of Covid has been deep, wide and across sectors. NTCA is one of many public agencies that are part of a system-wide response. Our constituent Local Authorities have been at the front line of much of this – from early efforts to support vulnerable adults, measures to protect care settings, and the ongoing effort to support and communicate to individuals, businesses and places given the scale of adaptation that is needed. We are in a continuously evolving situation.
- 1.2 The region – via its Local Resilience Forum and a range of additional partners – has established collaborative response measures (overseen by a Strategic Coordination Group and recovery functions (through a Recovery Coordination Group). Our seven Local Authorities – from Durham to Northumberland – are actively collaborating, and the NTCA has played an ongoing role supporting these efforts.
- 1.3 NTCA Mayor and Cabinet have also rightly emphasised the need to sustain delivery of our key projects; and ensure that we are on the front foot to adapt to new measures, funding streams and delivery requirements. Like many in the region, the staff team has worked hard to ensure this has been the case throughout a period in which home and working lives have been disrupted. Part of our recovery planning is therefore also about the resilience of our teams and adapting to new ways of working and communicating.

### 2. Role of NTCA

I would highlight to the Committee the following areas in which NTCA has been particularly active:

1. Planning for Economic Recovery – including the submission of 'Building the Post-Covid Economy' – an economic recovery plan for the North of Tyne (appended); and appropriate profiling of NTCA investments to support recovery within our three Local Authorities and the region more widely.
2. Supporting NE-wide plans for recovery and transport connectivity – including playing an active role in the NE-wide submission to CSR, and the development of an integrated transport connectivity plan for the region.

3. Engagement in regional Covid response arrangements - including the Head of Paid Service and Director of Economic Growth playing a role across the region's SCG and RCG arrangements.
4. Accelerating Covid response funding – exemplified by the £5m Covid Response Fund, through which Local Authorities have delivered business support, skills, VCS and staff interventions within their local areas.
5. Bringing forward funding to address digital divide in education & vulnerable settings – through NTCA investment in digital support (laptops and connectivity) for school-age children and vulnerable adults – delivered in partnership with our three Local Authorities.
6. Augmenting national funding streams to maximise local benefit – such as augmented support for DWP measures – including playing an intermediary role within the KickStart scheme (which will enable more SMEs to take part); and working closely with DWP on proposals for augmented employment support and IAG (information, advice and guidance).
7. Scoping potential for NTCA investment fund support for further post-Covid adaptation and innovation – this includes accelerating investments in green jobs and the digital economy, as approved by September Cabinet.

### **3. What is happening next?**

NTCA will continue to play an active role in response and recovery – both through the leadership role played by Mayor and Cabinet, and by supporting our Local Authorities and bringing forward allocated NTCA investment. We will prioritise:

1. Continuing with the work outlined above in steps 1-7 – acting where we can add value, and where we are sure our resource and activities are not duplicative of national and local efforts.
2. Negotiating our recovery package with Government – working at both a political and officer level to ensure we are making our case strongly and effectively.
3. Working with the region on evolving Covid response and recovery measures – recognising there are many points at which the NTCA will play a supporting role; and others in which we will take a lead.

### **4. Impact on Education**

The Committee requested specific consideration of the impact of Covid on education within the region. I would emphasise the following:

1. The extended period of school closure has caused significant learning loss for most pupils, the full impact of which is yet to be measured. Pupils from a disadvantaged background were hit particularly hard, with most research suggesting that closures have worsened the disadvantage gap.
2. There have been inequalities in access to remote learning. In April, around 3% of North of Tyne school children were identified as not having adequate access to a device or reliable internet to complete remote learning effectively.
3. Inconsistencies in school provision of remote learning. Though the sector showed much resolve in switching to a primarily online delivery model, schools, Local Authorities and Multi Academy Trusts in the North of Tyne area have adopted significantly different approaches with varying degrees of success.
4. Mental health and wellbeing of school leaders and teachers. The nature of school leadership has shifted significantly during the pandemic. Most schools in the NTCA area were open for

keyworkers' children throughout. Working through the traditional Easter break and responding to last-minute changes in government guidance contributed to the anxieties faced by teaching and leadership teams.

NTCA has played an ongoing role in supporting collaboration between the education teams in each constituent Local Authority during the crisis. Specific NTCA initiatives to address some of the above issues include:

1. Bringing together representatives from each Local Authority, sector experts, the Education Endowment Foundation and school leaders to establish an 'Ed Tech' working group. Best practice has been shared to maximise remote learning opportunities and the group continue to work towards a shared approach to remote learning across NTCA schools.
2. A NTCA Digital Inclusion Project provided £270,000 of recovery funding to LAs to support provision of devices and connectivity to a number of digitally excluded school-age children. In addition, we provided project management support to aid the coordination of DfE and LA digital inclusion initiatives.

The lead education officers continue to meet and collaborate through the NTCA Education Portfolio meeting structure, implementing the Joint School Improvement Strategy and sharing best practice in Covid response and recovery.

## **5. Equalities Statement**

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic.

## **6. Inclusive Economy Statement**

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The Inclusive Economy ambitions are central to our recovery plans.

## **7. Climate Change Statement**

The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account.

## **8. Consultation and Engagement**

The collaborative response measures have been overseen by a Strategic Coordination Group and recovery functions through a Recovery Coordination Group. All seven Local Authorities across the region are actively collaborating and the NTCA has played an ongoing role supporting these efforts. The Combined Authority and constituent local authorities are in regular contact with businesses, the North East Local Enterprise Partnership (NELEP), the Voluntary and Community Sector and Trade Union and information is being shared with national Government.

**9. Appendices**

Appendix 1 - Working for you: Recover Redesign Reimagine

**10. Background Papers**

None

**11. Contact Officers**

Dr. Henry Kippin, Director of Economic Growth, [henry.kippin@northoftyne-ca.gov.uk](mailto:henry.kippin@northoftyne-ca.gov.uk)

**12. Glossary**

SCG Strategic Coordination Group  
RCG Recovery Coordination Group  
IAG Information, advice and guidance  
SME Small and Medium Size Enterprise  
DWP Department for Work and Pensions  
LA Local Authority  
NTCA North of Tyne Combined Authority  
DfE Department for Education

# Recover, Redesign, Reimagine.

Working for you

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

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[www.northoftyne-ca.gov.uk](http://www.northoftyne-ca.gov.uk)

Newcastle  
City Council 



North Tyneside Council



Northumberland  
County Council

# Who we are...

In the heart of the North East is the North of Tyne: Newcastle, North Tyneside and Northumberland. We are the North of Tyne Combined Authority – a strong cross-party, cross-regional collaboration led by a Mayor and Cabinet working hard to create inclusive, sustainable growth.

Home to stunning landscapes, hard working people and world leading businesses the North of Tyne stretches from Newcastle to Scotland, from the East coast to Cumbria. From the Tweed to the Tyne.

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

## What we do

**Jobs and trade** Develop the infrastructure needed for business to flourish, attract investment, improve productivity and create more good jobs. Encourage innovation, business start-up, grow green technologies and foster trade links, research and entrepreneurialism.

**Rural, urban and homes** Create communities of inspiring places, homes and spaces that support a more sustainable, low carbon future. People want to

live, work and visit the North of Tyne - rural, coastal and in our city.

**Education and skills** Support the development of a high quality, inclusive education system, so our young people have the skills and qualifications they need, to take up training, apprenticeships and jobs.

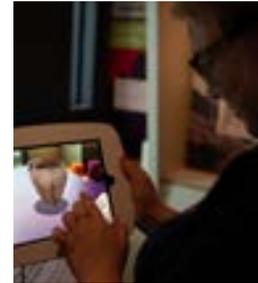
**Communities** Work with others to create an inclusive economy. For people in the North of Tyne

to earn a fair wage from a good job, with training and skills when they need it. With sustained growth and prosperity to reduce inequalities and create opportunities for everyone.

**Connectivity** Invest in infrastructure that connects our communities with each other and to their work. Pioneering the 'digital commute' through an integration of physical, digital and social infrastructure.

# Recover, Redesign, Reimagine

Over the past year we have already committed up to £40m to 50 projects, leveraged over £100 million of private sector investment and we are forecasting nearly 3,000 jobs. But this will not be enough...



Since the pandemic started, we have been thinking about a positive future for us all.

- A breathable international city of Newcastle
- Connected to the beautiful coast and countryside of North Tyneside and Northumberland
- Where villages, towns and our city are innovating, exploring and supporting new and different kinds of work

We want to create a mixed model of city and region with a new pattern of living, working, and socialising - creating a digital commute. Greening our industry, transport and housing – at pace.

This future is supported by offshore innovation, the East Coast is crucial for both wind power and connecting the UK digitally, with a new transatlantic link. It is underpinned by a bold education and skills strategy that builds on the resilience of our people.

We are working with regional partners – the North East LEP, NECA and other stakeholders – to develop our plans, We are playing a full part in developing an ambitious transport and digital connectivity strategy for the region – backed by a North East plan for economic recovery.

Our renaissance is real. We will create good modern jobs, clean growth and practically support our thriving digital and cultural sectors.

# Our recovery and devolution deal

This is our deal - it details what we need to recover from the impacts of the pandemic and accelerate our transition into the future. To support it we need rapid co-investment from Government to ensure that we can keep, transition and create the jobs our people need.

The deal outlines how, in partnership, we can build the exemplar post-covid city-region – **that is net zero for the climate, net-positive for UKPLC** - and truly delivers on the promise of levelling up.

## What we are asking Government to invest in...

£ £1billion devolution deal

Page 17



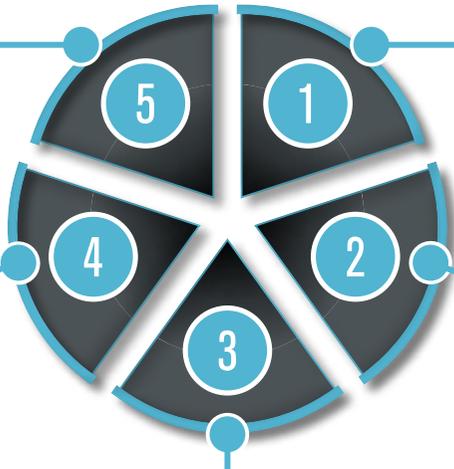
### 5 Transport, infrastructure and connectivity

A connectivity strategy to secure the digital commute in a connected region



### 4 Fiscal innovation, health and prevention

A radical 'health and growth' package to underpin safe and rapid recovery



### 1 Jobs, skills and livelihoods

A bold human capital strategy to save jobs and underpin long term inclusive growth



### 3 Supporting our businesses, high streets and places

Front-loading investment in place recovery, housing and critical business support



### 2 Accelerating transition to the future economy

A ground-breaking investment programme to accelerate net zero transition and boost global exports



NORTH OF TYNE  
COMBINED AUTHORITY

Our proposition to Government is simple:  
*Invest more to deliver a quicker recovery for our residents, our businesses and our communities – a better, greener future.*



# The next steps...

In the North of Tyne it is time to be bold – to stimulate true recovery, and to become the region that travels fastest towards net zero emissions and new green jobs.

This document outlines the plan we have put forward to Government. It shows our ambitions, our case for investment, and the ways in which we can credibly deliver progress towards post-covid recovery and renewal.

We are not starting from scratch. The North of Tyne Combined Authority is already making significant investments in the foundations of a new economy – for example, through our Green New Deal, our Culture and Creative Recovery Fund, and our investments in offshore energy and innovation.

Our region has a long history of resilient people, productive work and a reputation for getting things done and we believe that together we can recover, redesign and reimagine.

**What we are asking for now is Government support to boost a recovery package that we are confident we can deliver for the people and communities of the North of Tyne.**

To find out more

 [www.northoftyne-ca.gov.uk](http://www.northoftyne-ca.gov.uk)  [enquiries@northoftyne-ca.gov.uk](mailto:enquiries@northoftyne-ca.gov.uk)

 A Bold Recovery  @NorthTyneCA  #covidrecovery





**Subject: Adult Education Budget**

**Report of: Head of Inclusive Growth**

### Report Summary

The purpose of this report is to provide the Overview and Scrutiny Committee with an update on the devolved Adult Education Budget (AEB) which the North of Tyne Combined Authority (NTCA) took control of from 1<sup>st</sup> August 2020.

Devolution of the AEB has provided the North of Tyne area with the opportunity to make commissioning decisions on a truly placed-based approach and forward-looking basis. The fund has been structured to secure better outcomes for residents and businesses, with greater participation in quality qualifications linked directly to the opportunities available in the North of Tyne area.

Devolution of the AEB has allowed NTCA to move from a system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, with common agreement to address local need.

The impact of COVID19 is being closely monitored, supported by collaborative working with education providers and stakeholders. The rapidly evolving situation makes it even more important that the NTCA can respond swiftly to the needs of the area and focus priorities in support of an inclusive economic recovery.

The NTCA have already taken immediate steps to support the area's recovery through the swift allocation of additional funding to support our young people at this incredibly pivotal point on their lives. Also, a dedicated procurement focussed on COVID19 recovery has enabled providers to swiftly respond to the current crisis and shift focus to the area's emerging recovery needs.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the progress which has been made in preparation for the NTCA taking control of the devolved AEB and endorse the ongoing approach to address local need, now that the fund is in the control of the NTCA.

## **1. Background Information, Proposals and Timetable for Implementation**

- 1.1 In November 2019 the statutory order to devolve the AEB to the NTCA was approved. This enabled the AEB to be transferred to NTCA from 1<sup>st</sup> August 2020 onwards.
- 1.2 In February 2020 the Department for Education (DfE), confirmed NTCA's devolved AEB funding allocation for 2020/21 as £23,144,967.
- 1.3 Further information on how the devolved AEB has been allocated is available in **Appendix 1**.
- 1.4 In July 2020, DfE confirmed an additional £959,064 would be devolved to NTCA for the academic year 2020/21 only, to fund the Sector-based Work Academy programmes and High Value courses announced by the Chancellor to support young people into work and in response to the COVID19 crisis.
- 1.5 Further information on the NTCA additional investment into Sector-based Work Academy programmes and High Value courses can be found in **Appendix 2**.
- 1.6 The NTCA approach to performance management and monitoring of the fund and education providers is detailed in **Appendix 3**.
- 1.7 All in-year funding allocations and reconciliation processes will be guided by the commissioning principles set out in the NTCA AEB Strategic Skills Plan which is published on the NTCA website.
- 1.8 The first quarterly performance and monitoring review will take place in November 2020. The outcomes of all quarterly reviews will inform any proposals for in-year changes to allocations and/or provision. Any proposals will be considered and approved by the Head of Paid Service in consultation with the Portfolio lead, in line with the Delegated Decision associated with this fund.

## **2. Equalities Statement**

- 2.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from this approach.
- 2.2 Each organisation the Combined Authority contract with are required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process, we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.
  - 2.2.1 In addition, we continue to encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

## **3. Inclusive Economy Statement**

- 3.1 The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account.
- 3.2 The NTCA believe the approach taken to devolve the AEB will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.
- 3.3 The AEB will be used to better equip residents with low or no qualifications in the North of Tyne with

the skills required to participate in our key sectors. The realignment of provision towards the North of Tyne key sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.

3.4 The NTCA will continue to monitor the impact of the Adult Education Budget on the inclusive economy aspirations as part of all performance management processes.

3.5 In due course, all providers will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

#### **4. Climate Change Statement**

4.1 The Overview and Scrutiny Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account.

4.2 The Combined Authority has considered the implications relating to climate change in decisions regarding allocation of the AEB and believe there will be no negative impact as a result.

4.3 All providers are required to provide assurance that they have an environmental and sustainability policy.

4.4 In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the Combined Authority will monitor compliance through performance management processes.

4.5 With the impact of COVID19, early indication shows the provider base in the Combined Authority have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the Combined Authority understand this will likely reduce carbon emissions associated with staff and learner travel.

#### **5. Consultation and Engagement**

5.1 NTCA have developed an approach to strategic relationship building and partnership working, to develop a shared understanding of NTCA's long-term strategic ambitions and priorities that result in localised, flexible, high quality provision that responds to the needs of our residents and employers.

5.2 NTCA are in continual communication with NTCA Grant and Contracted providers to ascertain the impact of the COVID crisis on their current delivery and gather intelligence on what additional provision could be made available through the AEB provider base to support recovery.

9.2 NTCA officers maintain regular contact with relevant stakeholders including the North East Local Enterprise Partnership (NELEP), Skills Providers, DfE, the Department for Work and Pensions (DWP) and Employers. This supports co-ordination of vacancy opportunities and skills development.

9.3 NTCA AEB officers attend regular meetings with DfE, Education and Skills Funding Agency (ESFA), DWP and other Mayoral Combined Authorities (MCAs) to share information and best practice.

9.4 NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment

9.5 The NTCA Inclusive Economy Board advises Cabinet on how to better integrate and strengthen education, skills and employment interventions in order to improve local education and employment outcomes for North of Tyne residents.

9.6 NTCA are represented on the North East Skills Advisory Panel which is comprised of local employers and skills providers who pool knowledge on skills and labour market needs, and work together to understand and address key local challenges.

## 6. Appendices

Appendix 1: Adult Education Budget Devolution Cabinet report 28/7/2020

Appendix 2: Adult Education Budget Additional Funding

Appendix 3: Adult Education Budget Devolution - Cabinet report 29/9/2020.

## 7. Background Papers

None

## 8. Contact Officers

Leigh Mills, Head of Inclusive Growth

[leigh.mills@northoftyne-ca.go.uk](mailto:leigh.mills@northoftyne-ca.go.uk), 07855 100179

## 9. Glossary

|       |                                         |
|-------|-----------------------------------------|
| AEB   | Adult Education Budget                  |
| DfE   | Department for Education                |
| DWP   | Department for Work and Pensions        |
| ESFA  | Education and Skills Funding Agency     |
| MCA   | Mayoral Combined Authority              |
| NELEP | North East Local Enterprise Partnership |
| NTCA  | North of Tyne Combined Authority        |

**Subject: Adult Education Budget Devolution**  
**Report of: Head of Inclusive Growth**  
**Portfolio: Employability and Inclusion**

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## Report Summary

The purpose of this report is to provide a summary of how the devolved Adult Education Budget will be invested from 1 August 2020 and details the benefits and opportunities it will provide for our residents, employers and the economy.

This is the devolution of over £23million in Government money for adult education. We have worked hard to begin to shape that towards what our communities need, working closely with all relevant stakeholders. The impact of Covid-19 is being closely monitored and we have already made progress to ensure that the investment will support the area's recovery. We believe we have structured the spend in a way that will secure better outcomes for our residents and business, with greater participation in quality qualifications linked directly to the opportunities available in our area. We have embedded a truly place-based approach to this investment.

## Recommendations

The Cabinet is recommended to note the progress which has been made in preparation for the North of Tyne Combined Authority taking control of the devolved Adult Education Budget and endorse the investment approach to address local need.

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 In November 2019 the statutory order to devolve the Adult Education Budget (AEB) to the North of Tyne Combined Authority (NTCA) was approved. This enables the AEB to be transferred to NTCA from 1<sup>st</sup> August 2020 onwards.
- 1.2 In February 2020 the Department for Education (DfE), confirmed NTCA's devolved AEB funding allocation for 2020/21 as £23,144,967.
- 1.3 The devolved AEB will provide NTCA with the opportunity to develop new relationships with post-16 skills and training providers, focussed on positive outcomes for learners and ensuring that AEB provision is better aligned to the needs of our residents, employers and our economy.
- 1.4 Devolution of the AEB will allow us to move from a system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, with common agreement to address local need. The published NTCA AEB Strategic Skills Plan sets out the priorities for the devolved AEB, linked to the needs of our local communities and employers and in support of the wider North East Strategic Economic Plan.
- 1.5 The devolved AEB will enable us to deliver meaningful adult education with better outcomes for residents and the regional economy including:
  - a focus on delivering a step-change to improve basic, generic and transferable skills;
  - breaking new ground in a collaborative strategic partnership working with an absolute focus on 'place';
  - delivering a more responsive, accessible adult skills offer for residents and Employers;
  - preparing the ground for greater influence and new performance management while maintaining confidence and stability in the sector; and

- establishing protocols for joint working across all post-16 skills activity, bringing together planning, funding and regulation, regardless of whether funding is devolved or not.
- 1.6 AEB focuses on ensuring that adults have the core skills that they need for progression in learning and work, including
- guaranteeing a number of statutory entitlements relating to English, maths and digital skills
  - first full Level 2 and 3 qualifications
  - English for Speakers of Other Languages (ESOL).

## Commissioning Approach

### Grant agreements

- 1.7 NTCA will continue to Grant fund ten providers who are currently Grant funded by the Education and Skills Funding Agency (ESFA). These providers are either located within the North of Tyne boundary and/ or already deliver a significant volume of provision to North of Tyne residents which aligns to the NTCA priorities. Continuing to fund these institutions through a Grant agreement will provide stability for residents and ensure appropriate levels of statutory entitlement provision is available to learners and enable us to accommodate the current travel to learn patterns in the NTCA area. A total of £15,505,134 has been allocated to these 10 providers.

### Contract for Services – Procurement, December 2019

- 1.8 In December 2019 a procurement exercise was undertaken to enable all adult education providers to bid for a Contract for Service with NTCA. An indicative £6.6million was put out to procurement across three Lots as follows:

|                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Lot 1 Unemployed</b> – Provision which is accessible to key target groups e.g. 19-24 NEETs, over 50-year olds, the long term unemployed and the economically inactive with significant barriers to work, such as physical or mental health conditions.<br/>Indicative Lot value of £2million per year. Contract values between £50,000-£500,000</p>                                                                             |
| <p><b>Lot 2 Employed</b> – Provision which provides in-work progression in NTCA’s growth sectors. This provision will provide residents in low skilled, low paid work the necessary skills and support to progress in employment. This provision will also provide NTCA the opportunity to address skills gaps in our growth sectors.<br/>Indicative Lot value of £4million per year. Contract values between £100,000-£1000,000.</p> |
| <p><b>Lot 3 Innovation</b> – NTCA supports the use of innovation and this Lot will enable organisations to deliver highly responsive provision that is targeted and specific to a range of residents’ needs which require more flexibility and intensity than which is currently available through the core AEB provision.<br/>Indicative Lot value of £600,000 per year. Contract values between £25,000-£150,000.</p>               |

- 1.9 Following a rigorous appraisal process a total of £5,886,093 was allocated to 22 Contract for Services.
- 1.10 53 providers scored 60% or more for their bids have been placed onto the NTCA AEB Provider Framework which is detailed in **Appendix 1**. This Framework gives NTCA the flexibility to hold mini-competitions and ‘call off’ providers for specific AEB funding opportunities.

### Contract for Services - Mini-competition, May 2020

- 1.11 An indicative £720,000 was made available to the providers on the NTCA AEB Provider Framework as a ‘mini-competition’ throughout May 2020, focussed on COVID-19 recovery. Three Lots were available for providers to bid for as follows:

**Lot 1 Unemployed.** Provision targeted at unemployed residents who have been impacted by the Covid-19 crisis, supporting them back into sustainable employment. Provision may also focus on people who have volunteered as part of the crisis to gain the training needed to progress into paid employment.

Indicative Lot value of £300,000 per year. Contract values between £50,000 to £150,000

**Lot 2 Employed.** Provision targeted to support local employers and employees who have been severely impacted by Covid-19 to up-skill and re-train to support businesses to adapt and grow.

Indicative Lot value of £200,000 per year. Contract values between £50,000 to £100,000

**Lot 3 Innovation.** NTCA support the use of innovation and this Lot enables organisations to deliver highly responsive provision that is targeted and specific to supporting recovery from the Covid-19 crisis.

Indicative Lot value of £220,000 per year. Contract values between £20,000 to £110,000

- 1.12 Following a rigorous appraisal process a total of £730,143 has been allocated to 7 Contract for Services.

### Commissioning next steps

- 1.13 £329,248 of the devolved NTCA AEB remains unallocated as we enter the 2020/21 Academic Year (AY). NTCA will review the performance of the devolved AEB at the first performance management point in November 2020. This will enable NTCA to have a more informed picture of delivery in the first quarter of 2020 and enable any gaps to be addressed and any growth to be supported. This will also enable NTCA to respond to 'Economic Shocks', unexpected fluctuations in the skills sector, increases in digital entitlement and support the National Retraining Scheme (NRS).

### Monitoring and Evaluation

- 1.14 NTCA have developed a robust provider performance and compliance management process which will be standardised across all providers in receipt of funding. Performance will be monitored and evaluated throughout the year to ensure residents have access to quality provision which continues to be in line with regional priorities. Providers will be expected to manage and monitor social value commitments, working to achieve key performance indicators, in line with the Public Services (Social Value) Act 2012. Social Value Key Performance Indicators will form an ongoing element of the performance management and review.

### 1.15 Timetable for Implementation

|                 |                                                                                                                       |
|-----------------|-----------------------------------------------------------------------------------------------------------------------|
| June 2019       | NTCA Devolved AEB Readiness self-assessment approved by the DfE Secretary of State                                    |
| July 2019       | NTCA AEB Stakeholder Engagement event open to all interested parties                                                  |
| September 2019  | NTCA AEB Strategic Skills Plan published                                                                              |
| October 2019    | NTCA AEB Procurement event open to all interested parties                                                             |
| December 2019   | Parliament approve the making of the NTCA AEB Devolution Order and it comes into effect                               |
| December 2019   | NTCA and DfE complete Memorandum of Understanding relating to practical arrangements for AEB devolution               |
| Dec 19 - Mar 20 | Procurement exercise open to all providers to bid for a Contract for Service                                          |
| February 2020   | DfE notifies NTCA of confirmed AEB allocation for AY 2020/21                                                          |
| May-June 2020   | Procurement 'mini-competition' open to providers on the NTCA AEB Supplier Framework to bid for a Contract for Service |
| July 2020       | Grant agreements and Contract for Services finalised.                                                                 |
| July 2020       | Provider on-boarding events                                                                                           |
| 1 August 2020   | Go live. NTCA takes ownership of administering the devolved AEB                                                       |
| November 2020   | First provider performance management point                                                                           |

## 2. Potential Impact on Objectives

2.1 The devolved AEB supports the NTCA pillar ‘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, whilst providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

### Devolved AEB delivery

2.2 All commissioned providers have submitted comprehensive delivery plans which set out the key priorities the provider is seeking to achieve and how these relate to the delivery of NTCA AEB Strategic priorities. These plans will be performance managed in-year and at year end. This process of review will provide a comprehensive evidence base which shows what is working best for residents and will inform future commissioning decisions.

2.3 NTCA AEB officers preparing for the implementation of the AEB from August 2020 have undertaken robust analysis of the delivery plans that have been submitted and continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB delivery with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

2.4 The AEB delivery plans have also been compared against non-devolved ESFA 2017/18 full year data and the most recent non-devolved ESFA 2018/19 full year data delivered to NTCA residents. The analysis quantifies the positive changes that will be achieved by the devolution of AEB and demonstrates the shift towards a greater focus on the economic and social outcomes for residents secured by this investment. A visual summary of this analysis is included in **Appendix 2**.

### Provider Base

2.5 A significant number of providers delivered AEB provision to NTCA area residents in 2017-18 and 2018-19. This included a very large number of providers delivering small volumes of provision. These providers were located across England and the funding allocations varied from less than £100 up to more than £5 million.

2.6 Devolution of the AEB has allowed us to move from this system of numerous providers working in competition, to fewer providers more actively engaged in local collaboration, with common agreement to address local need.

2.7 **Table 1** illustrates the number of providers by type that NTCA’s devolved AEB will fund in 2020-21 compared to ESFA allocations in AY 2017-18 and 2018-19.

**Table 1**

| Provider Type                    | No of AEB Providers 2017-18 | No of AEB Providers 2018-19 | NTCA Devolved AEB Providers 2020-21 |
|----------------------------------|-----------------------------|-----------------------------|-------------------------------------|
| Local Authority                  | 17                          | 18                          | 5                                   |
| General FE College incl Tertiary | 106                         | 116                         | 5                                   |
| Independent Training Provider    | 64                          | 53                          | 23                                  |
| Specialist College               | 3                           | 2                           | *0                                  |
| Sixth Form College               | 2                           | 0                           | 0                                   |
| <b>Total</b>                     | <b>192</b>                  | <b>189</b>                  | <b>33</b>                           |

\* Specialist Colleges are out of scope for devolution and will continue to be funded by the ESFA for 2020-21

## Enrolments

- 2.8 A key consideration in the first year of devolution of the AEB budget was to minimise the risk to continuity of provision for learners and develop effective, high trust relationships with providers, delivering positive long-term impact for North of Tyne learners.
- 2.9 There will be over 37,000 enrolment opportunities for residents through the devolved AEB in 2020-21. These opportunities include quality sector specific training which will enable unemployed residents to gain qualifications, progress through their learning journey at different levels and access jobs in NTCA growth sectors. Provision is also focused on upskilling residents in lower skilled, lower paid jobs to enable achievement of skills such as English, maths and computing, together with higher level vocational training required by employers.
- 2.10 **Table 2** illustrates the number of enrolment opportunities through the devolved AEB compared to non-devolved 2017/18 full year data and the most recent non-devolved 2018/19 full year data. The lower number of enrolments in 2020-21 compared to 2018-19 is a consequence of more sector specific provision being available in 2020-21, in particular at Level 2, in support of meaningful learner progression.

**Table 2**

| Overall Enrolment Opportunities         |                                         |                                              |
|-----------------------------------------|-----------------------------------------|----------------------------------------------|
| Non-Devolved AEB End of Year<br>2017-18 | Non-Devolved AEB End of Year<br>2018-19 | NTCA Devolved AEB Delivery<br>Target 2020-21 |
| 35,614                                  | 38,155                                  | 37,589                                       |

## Enrolments by Local Authority area

- 2.11 NTCA have ensured that the geographical spread of provision for the devolved AEB aligns with travel to learn patterns in NTCA and that residents in rural parts of Northumberland and North Tyneside have access to local provision.
- 2.12 **Table 3** illustrates the proportion of enrolment opportunities available in the three Local Authority areas in NTCA. Newcastle continues to have the largest proportion of opportunities as you would expect in terms of population size and density. However, enrolments will slightly increase on previous years in North Tyneside & Northumberland.

**Table 3**

| Proportion of Enrolment Opportunities by Local Authority Area |                             |                             |                         |
|---------------------------------------------------------------|-----------------------------|-----------------------------|-------------------------|
|                                                               | Non-Devolved AEB<br>2017-18 | Non-Devolved AEB<br>2018-19 | Devolved AEB<br>2020-21 |
| Newcastle                                                     | 50%                         | 51%                         | 48%                     |
| North Tyneside                                                | 21%                         | 22%                         | 23%                     |
| Northumberland                                                | 29%                         | 27%                         | 28%                     |

## Community Learning

- 2.13 In 2020-21, 19% (7,115) of enrolment opportunities will be delivered as Community Learning. NTCA recognise the value and positive impact of this type of provision and will continue to support this delivery through devolved AEB funding.

2.14 Traditionally this provision has been used for leisure type courses that have little credibility in terms of raising skills levels to support economic success. Going forward, the devolved Community Learning activity will have a primary aim of engaging hard to reach learners, providing basic skills and progression to further learning and/or work. Key target groups for this are hidden NEETs, the long-term unemployed and the economically inactive with significant barriers to work, such as physical or mental health conditions. This delivery will add value to, rather than duplicate, other services targeting these cohorts.

### Enrolment by level of provision

2.15 Most of the learning currently funded through non-devolved AEB in the North of Tyne is relatively low level and in non-technical areas. Of the 35,613 enrolments in 2017/18, 72% were below Level 2 and in 2018/19 67% were below Level 2.

2.16 We recognise that there is a clear link between qualification levels and economic participation and success and that the devolved AEB needs to address the balance of low level non-technical provision to ensure that there are progression opportunities for residents to valued provision at level 2 and above.

2.17 **Table 4** illustrates a significant increase in the proportion of adult skills enrolment opportunities at Level 2 through the planned devolved AEB delivery in 2020-21. 49% of the overall enrolment target is being offered at Level 2 compared to 33% in 2018-19 and 27% in 2017-18.

**Table 4**

| <b>Proportion of Adult Skills Enrolment Opportunities by Level</b> |                             |                             |                      |
|--------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------|
|                                                                    | Non-Devolved AEB<br>2017-18 | Non-Devolved AEB<br>2018-19 | Devolved AEB 2020-21 |
| Below Level 2                                                      | 72%                         | 67%                         | 50%                  |
| Level 2                                                            | 27%                         | 33%                         | 49%                  |
| Level 3                                                            | 1%                          | 1%                          | 1%                   |

2.18 The table does not contain enrolments in Community Learning as the ESFA do not require providers do assign a level to this provision. NTCA will expect providers to assign a level to Community Learning in the devolved AEB. This will ensure that progression in this type of delivery is captured and provides an evidence base that learners are upskilling and moving towards further learning or into work.

2.19 A small proportion of devolved AEB delivery has been planned at Level 3 by providers and this is reflective of the previous 2 years. Some Level 3 provision for adults is funded through Learner Loans and therefore not available to those over the age of 24 through AEB funding. The take up of Level 3 learner loans across the NTCA area is low and this is also the case in national statistics. NTCA is working with providers and their links with employers to gather intelligence on whether a more flexible 'fully funded' offer of Level 3 targeted in specific sectors would engage more residents into higher levels of provision.

### Enrolment by Subject Sector Area (SSA)

2.20 The ESFA currently define provision in 15 Subject Sector Areas. The non-devolved data for the years ending 2017-18 and 2018-19 reveals that the majority of AEB enrolments were in the subject sector area 'Preparation for Life & Work'. Remaining enrolments were spread thinly across 14 other subject sectors with no significant proportions in individual areas.

- 2.21 The devolved AEB has provided NTCA with the opportunity to set out a number of subject sector areas across which we would expect to see delivery in as a priority. This means that provision, even at lower levels, is better aligned to the needs of employers and NTCA's growth sectors. We will continue to support important delivery in Preparation for Life & Work which enables residents to gain essential Maths and English qualifications as well as to retrain and develop skills for employment.
- 2.22 **Table 5** illustrates the proportion of enrolment opportunities in subject sector areas that are aligned to NTCA's growth sectors. These include Health, Public Services and Care, Information and Communication Technology and Business, Administration and Law. Devolved AEB will deliver a significant increase in enrolment opportunities in the Health and Care sector accounting for 16% of the overall enrolment target in 2020-21.

**Table 5**

| <b>Proportion of enrolment opportunities in areas aligned to NTCA growth sectors</b> |                          |                          |                      |
|--------------------------------------------------------------------------------------|--------------------------|--------------------------|----------------------|
|                                                                                      | Non-Devolved AEB 2017-18 | Non-Devolved AEB 2018-19 | Devolved AEB 2020-21 |
| 01 - Health, Public Services and Care                                                | 8%                       | 12%                      | 16%                  |
| 04 - Engineering and Manufacturing Technologies                                      | 5%                       | 5%                       | 5%                   |
| 06 - Information and Communication Technology                                        | 4%                       | 3%                       | 8%                   |
| 14 - Preparation for Life and Work                                                   | 45%                      | 48%                      | 43%                  |
| 15 - Business, Finance, Administration and Law                                       | 3%                       | 3%                       | 3%                   |

- 2.23 Provision in 'Preparation for Life and Work' includes English, maths, English for Speakers of other Languages (ESOL) as well as essential skills for work. Over 13% (4043) of devolved AEB enrolment opportunities will be focused on maths and English qualifications for NTCA residents in 2020-21 and 18% (5507) of enrolment opportunities will provide ESOL which are essential for social and economic inclusion.
- 2.24 Through the devolved AEB NTCA expects providers to increase delivery of sector specific activity in Preparation for Life and Work. This provision at Level 2 will offer routeways into areas such Engineering and Manufacturing, Business, Finance and Law and Digital as well as the Health and Social Care sector.
- 2.25 The on-set of the Covid-19 crisis and subsequent lock down in March 2020 makes it even more important that we co-ordinate NTCA's devolved AEB funding and focus priorities to ensure that it supports the Economic recovery.
- 2.26 NTCA AEB officers have been in regular communication with the AEB provider base to ascertain the impact of the crisis on their current delivery, provide reassurance that agreed delivery plans and contracts will remain in place, and gather intelligence on what additional provision could be made available through the AEB provider base to support recovery.
- 2.27 As a result of this dialogue NTCA is assured that providers have innovative plans in place to ensure delivery of the devolved AEB will commence from August 2020 as planned and that it will make an important contribution to NTCA's vision of an inclusive economy. The devolved delivery will ensure better skilled residents that are more able to fulfil their potential, earn more and use their skills for the benefit of their families and communities.
- 2.28 NTCA recognise that the devolved AEB of over £23 million per year has a significant role in providing the skills that are essential to a successful and sustainable economy in the NTCA area. Historically this funding may not have been viewed as an important economic driver but NTCA's ambition is to put Adult Education back on the map. Full consideration must be given to the new

skills offer that is being commissioned through the AEB when determining investment in other skills & employability programmes. This will ensure that additional investment in skills and employability complements rather than duplicates what is already on offer through the devolved AEB from AY 2020-21 onwards.

### 3. Key Risks

- 3.1 AEB Devolution features as a strategic risk on the NTCA Strategic Risk Register. In addition, at a project level, appropriate risk management processes are in place to identify and mitigate risks, with escalation requirements embedded

### 4. Financial and Other Resources Implications

- 4.1 As agreed at the NTCA July 2019 Cabinet meeting, the NTCA devolved AEB will be allocated to providers via a mix of grant allocations (approximately 67% of the overall budget) and procured contracts for services (approximately 30% of the overall budget). The remaining 3% has been allocated to administering the fund.

| <b>NTCA AEB allocations for AY 2020/21</b>  |                    |
|---------------------------------------------|--------------------|
| Allocated to administration costs           | £694,349           |
| Allocated to 10 Grant agreements            | £15,505,134        |
| Allocated to 29 Contract for Services       | £6,616,236         |
| amount remaining to allocate during 2020/21 | £329,248           |
| <b>Total devolved NTCA AEB</b>              | <b>£23,144,967</b> |

Details of NTCA AEB allocations are provided in **Appendix 3**.

- 4.2 All providers will have a profile detailing their monthly spend, within their allocation. Providers will be paid monthly, in arrears, against that profile, with reconciliation points throughout the year to minimise any risk of over-payment.

#### **Subcontracting**

- 4.3 NTCA is committed to growing and diversifying the range of adult learning courses to widen participation, target and support the most vulnerable, engage in new and emerging markets and meet the regional and local economic development agenda.
- 4.4 Subcontracting and collaborative partnerships will have an important role to play in AEB. They allow smaller providers to access funding and to benefit from economies of scale, whilst enabling learners to access provision in locations and via delivery models which best suit their needs.
- 4.5 In addition to the providers that have secured direct awards of Grants or Contract for Service a further 26 providers will be supported through the devolved AEB as subcontractors. Details of these subcontractors and their allocations are included in **Appendix 4**. This appendix is confidential and will not be published.

### 5. Legal Implications

- 5.1 The procurement process has been undertaken pursuant to the NTCA Order and Constitution and The Public Contracts Regulations 2015. In accordance with those legal requirements, the contract awards are based on the most economically advantageous tender.
- 5.2 The grant funding process has also been undertaken in accordance with all relevant legal requirements. A robust set of funding terms and conditions have been developed to protect NTCA's position.

5.3 The Interim Monitoring Officer's representative has advised throughout these processes (both procurement and grant funding) and attends the AEB Operational Steering Group on a weekly basis. There are no negative legal implications associated with either process.

## **6. Equalities Implications**

6.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.

6.2 Each organisation the Combined Authority will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process, we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.

6.3 In addition, we will encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

## **7. Inclusive Economy Implications**

7.1 The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.

7.2 The Adult Education Budget will be used to better equip residents with low or no qualifications in the North of Tyne with the skills required to participate in our key growth sectors. The realignment of provision towards the North of Tyne growth sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.

7.3 Whilst the decision to grant fund providers will provide stability for the adult education market and ensure our residents continue to receive a quality and accessible service, The Combined Authority's procurement exercise has added innovative, localised provision which responds to the needs of our residents and local economy.

7.4 The Combined Authority has chosen to extend the national 'low wage pilot' to residents who are paid below the Real Living Wage enabling more residents to develop the skills needed to progress their careers and further address inequalities in learning and earning.

7.5 The Combined Authority will continue to monitor the impact of the Adult Education Budget on the inclusive economy aspirations as part of all performance management processes.

7.6 In due course, all providers will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

## **8. Climate Change Implications**

8.1 The Combined Authority has considered the implications relating to climate change in decisions regarding allocation of the Adult Education Budget and believe there will be no negative impact as a result.

8.2 All providers are required to provide assurance that they have an environmental and sustainability policy.

8.3 In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the Combined Authority will monitor compliance through performance management processes.

8.4 With the impact of Covid-19, early indication shows the provider base in the Combined Authority have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the Combined Authority understand this will likely reduce carbon emissions associated with staff and learner travel.

## **9. Consultation and Engagement**

9.1 Public consultation events were held in July 2019 and October 2019 which provided an update on NTCA priorities for AEB, details of the procurement process and timescales, in preparation for administering the budget from the AY 2020/21. The consultations also provided NTCA with the opportunity to listen and seek feedback from providers and wider stakeholders to inform the development of the AEB devolution process and to ensure we have been open, transparent and fair.

9.2 During the procurement exercise in December 2019 and the mini-competition in May 2020 providers were invited to seek clarification via the North East Procurement Organisation (NEPO) portal regarding the process and ask questions related to the devolved AEB. All clarifications were responded to.

9.3 NTCA officers maintain regular contact with the NTCA provider base, developing an effective strategic relationship focussed on place, collaboration and outcomes.

9.4 NTCA AEB officers hosted a workshop in January 2020 with the Department for Work and Pensions (DWP) and Grant providers planning to deliver ESOL provision. The workshop was held to inform and share best practice and encourage collaboration to ensure ESOL places are available throughout the North of Tyne provider network.

9.5 NTCA AEB officers attend regular meetings with DfE, ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.

9.6 NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

9.7 NTCA AEB officers have held regular provider meetings with the providers who have already had a funding agreement confirmed with NTCA. Valuable intelligence has been gathered on the impact of Covid-19 on AEB delivery as well as other funding models such as apprenticeships. This intelligence has fed into a number of reports related to Covid-19 response.

9.8 Induction meetings which will provide providers with final guidance on funding and performance management and technical requirements for submitting data and documents related to their provision will be held between the 30<sup>th</sup> June and 1<sup>st</sup> July in time for delivery to commence on 1<sup>st</sup> August.

## **10. Appendices**

Appendix 1: NTCA AEB Provider Framework (Contract for Services)

Appendix 2: Visual Summary of Devolved AEB Provision

Appendix 3: NTCA AEB allocations

Appendix 4: Details of Subcontracted Provider and Allocations

(Appendix 4 is confidential and not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, Information relating to the financial or business affairs of any particular person (including the authority holding that information).)

**11. Background Papers**

AEB Strategic Skills Plan

AEB Cabinet papers 24<sup>th</sup> April 2019, 4<sup>th</sup> June 2019, 30<sup>th</sup> July 2019, 22<sup>nd</sup> October 2019 and 25<sup>th</sup> February 2020.

**12. Contact Officers**

Leigh Mills, Head of Inclusive Growth, [leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk), 07855 100179

**13. Glossary**

|      |                                         |
|------|-----------------------------------------|
| AEB  | Adult Education Budget                  |
| AY   | Academic Year                           |
| DfE  | Department for Education                |
| DWP  | Department for Work and Pensions        |
| ESFA | Education and Skills Funding Agency     |
| ESOL | English for Speakers of Other Languages |
| MCA  | Mayoral Combined Authority              |
| NTCA | North of Tyne Combined Authority        |

**14. Sign-off**

|                                      |                        |                               |                            |                              |
|--------------------------------------|------------------------|-------------------------------|----------------------------|------------------------------|
| 1) Mayor and Portfolio holder<br>Yes | 2) Director/SMT<br>Yes | 3) Chief Finance Officer: Yes | 4) Monitoring Officer: Yes | 5) Head of Paid Service: Yes |
|--------------------------------------|------------------------|-------------------------------|----------------------------|------------------------------|

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## Appendix 1: NTCA AEB Provider Framework (Contract for Services)

| <b>Lot 1 AEB Provider Framework</b>          |
|----------------------------------------------|
| Aspire Education                             |
| Back 2 Work Complete Training Ltd            |
| B-Skill Limited                              |
| CECOS Computing International Limited        |
| Gateshead College                            |
| Go Train Limited                             |
| Health and Safety Training Limited           |
| Itec NE Ltd                                  |
| JK Training                                  |
| Learning Curve Group                         |
| McCrorry Training Limited                    |
| New College Durham                           |
| Newcastle City Council                       |
| Northern Rights CIC                          |
| Nova Payroll Services - (Pin Point Training) |
| Penshaw View Training                        |
| People Plus Group Limited                    |
| Release Potential Limited                    |
| Resources North East Limited                 |
| Skills North East                            |
| Solvo Vir Limited                            |
| Standguide Limited                           |
| Triage Central Limited                       |
| University Centre Quayside Limited           |
| Vocational Skills Solutions Limited          |

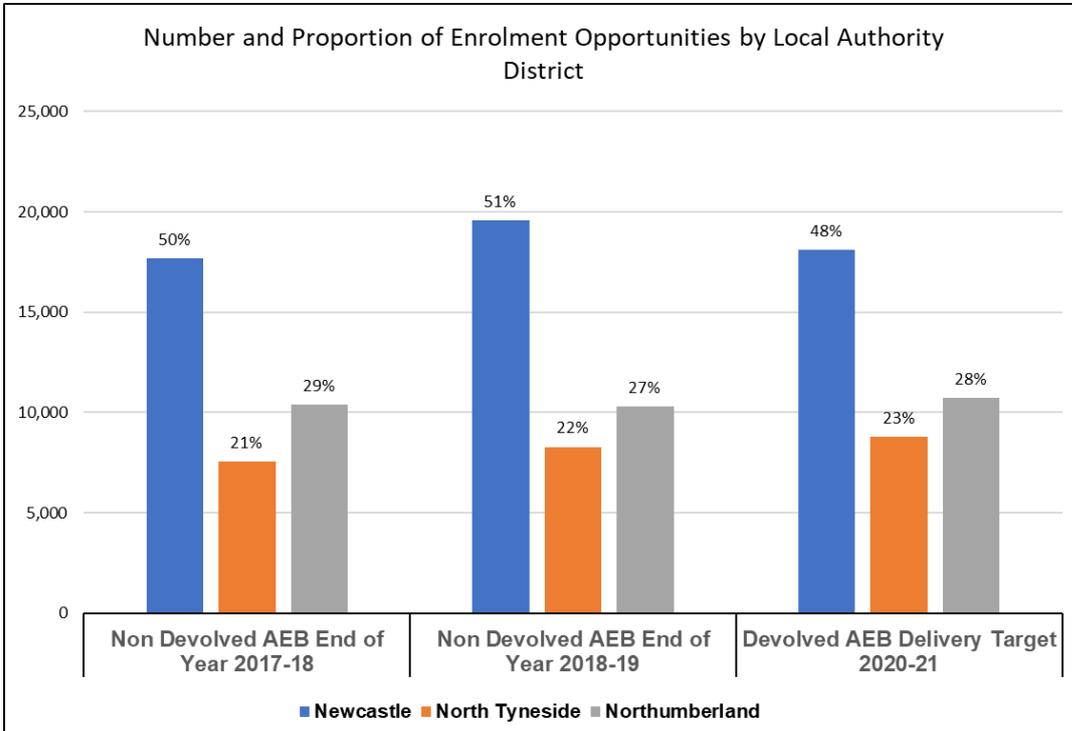
| <b>Lot 2 AEB Provider Framework</b>   |
|---------------------------------------|
| B-Skill Limited                       |
| CECOS Computing International Limited |
| East Durham College                   |
| Gateshead College                     |
| Key Training Limited                  |
| McCrorry Training Limited             |
| New College Durham                    |
| Newcastle College                     |
| People Plus Group Limited             |
| Profile and Development Training      |
| Serco Limited                         |
| Skills North East                     |
| Skills Training UK                    |
| The Skills Network                    |
| Trainingworks4U Limited               |
| University Centre Quayside Limited    |
| Vocational Skills Solutions Limited   |

|                                     |
|-------------------------------------|
| <b>Lot 3 AEB Provider Framework</b> |
| Action Foundation                   |
| Barnardo's                          |
| Cedarwood Trust                     |
| FIRST Face to Face Ltd              |
| Gateshead College                   |
| North Tyneside Metropolitan Council |
| Northumberland Business Service Ltd |
| Northumberland County Council       |
| Release Potential Limited           |
| Serco Limited                       |
| The Alnwick Garden Trust            |

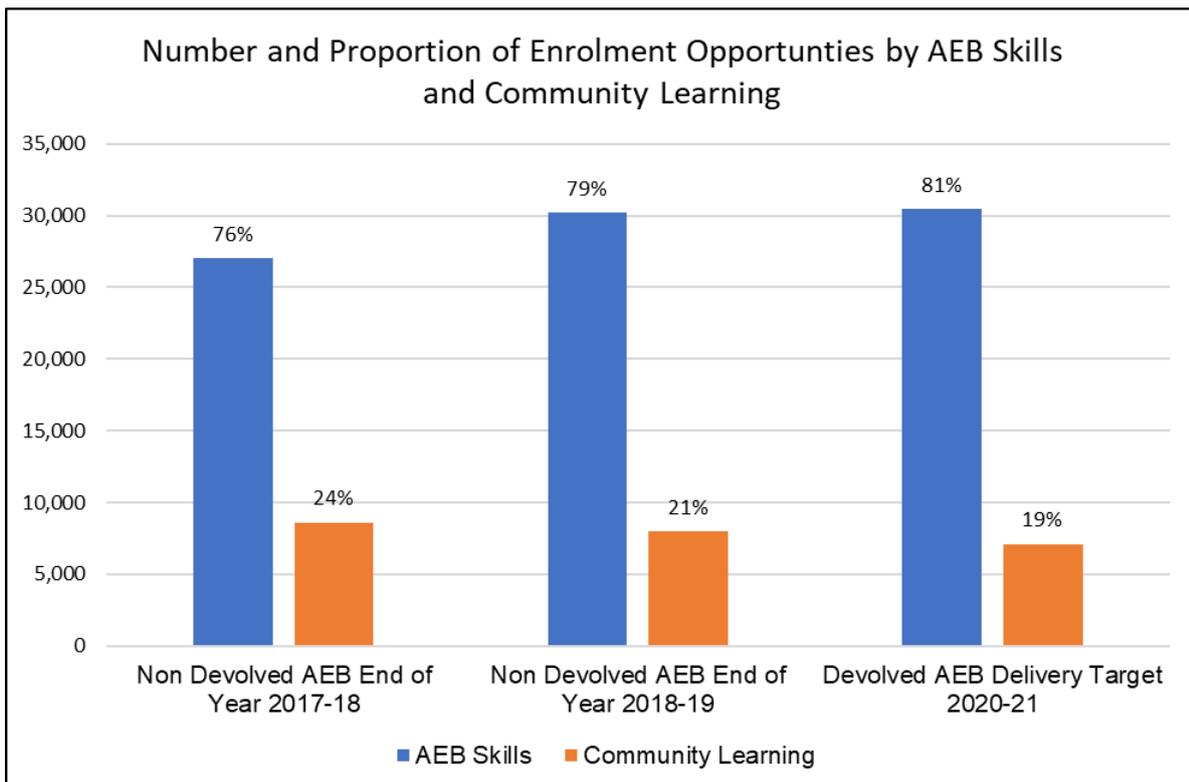
## Appendix 2 – Visual Summary of Devolved AEB provision

The following charts illustrate analysis of enrolment opportunities in devolved AEB delivery plans compared against non-devolved ESFA 2017/18 full year data and the most recent non-devolved ESFA 2018/19 full year data delivered to NTCA residents.

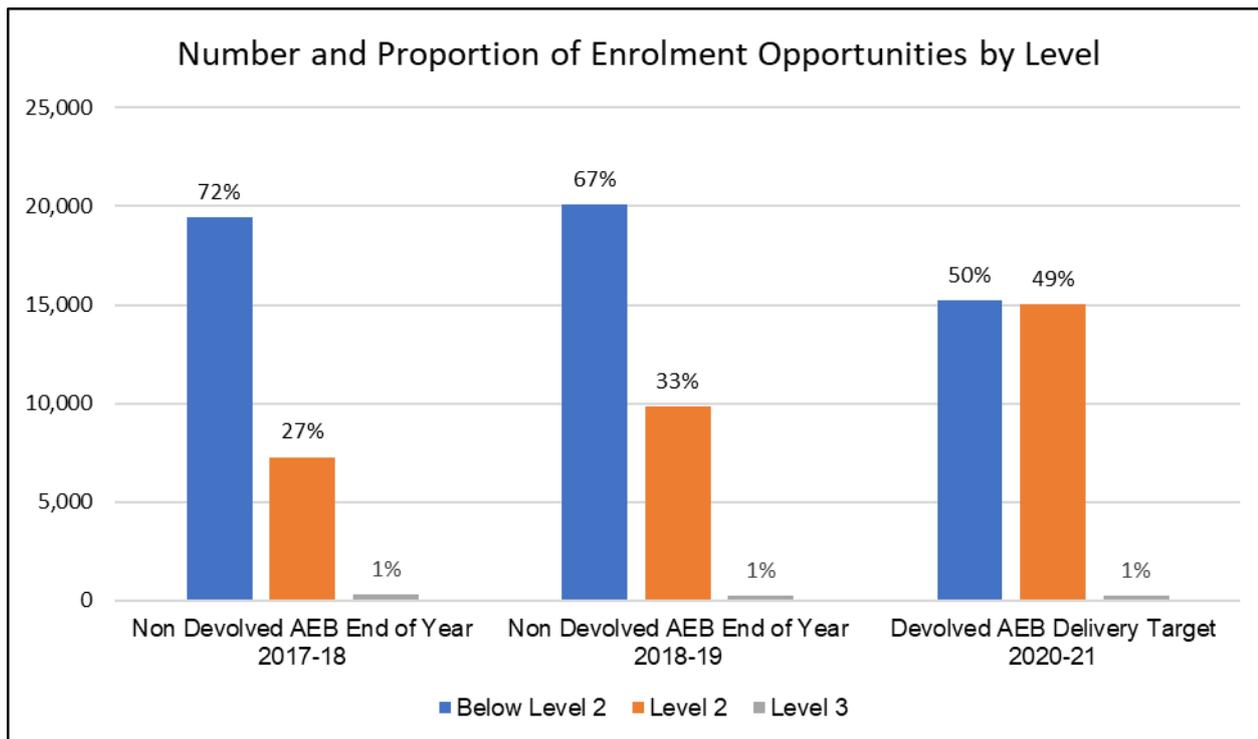
**Chart 1** illustrates the number and proportion of enrolment opportunities available in the three Local Authority areas in NTCA.



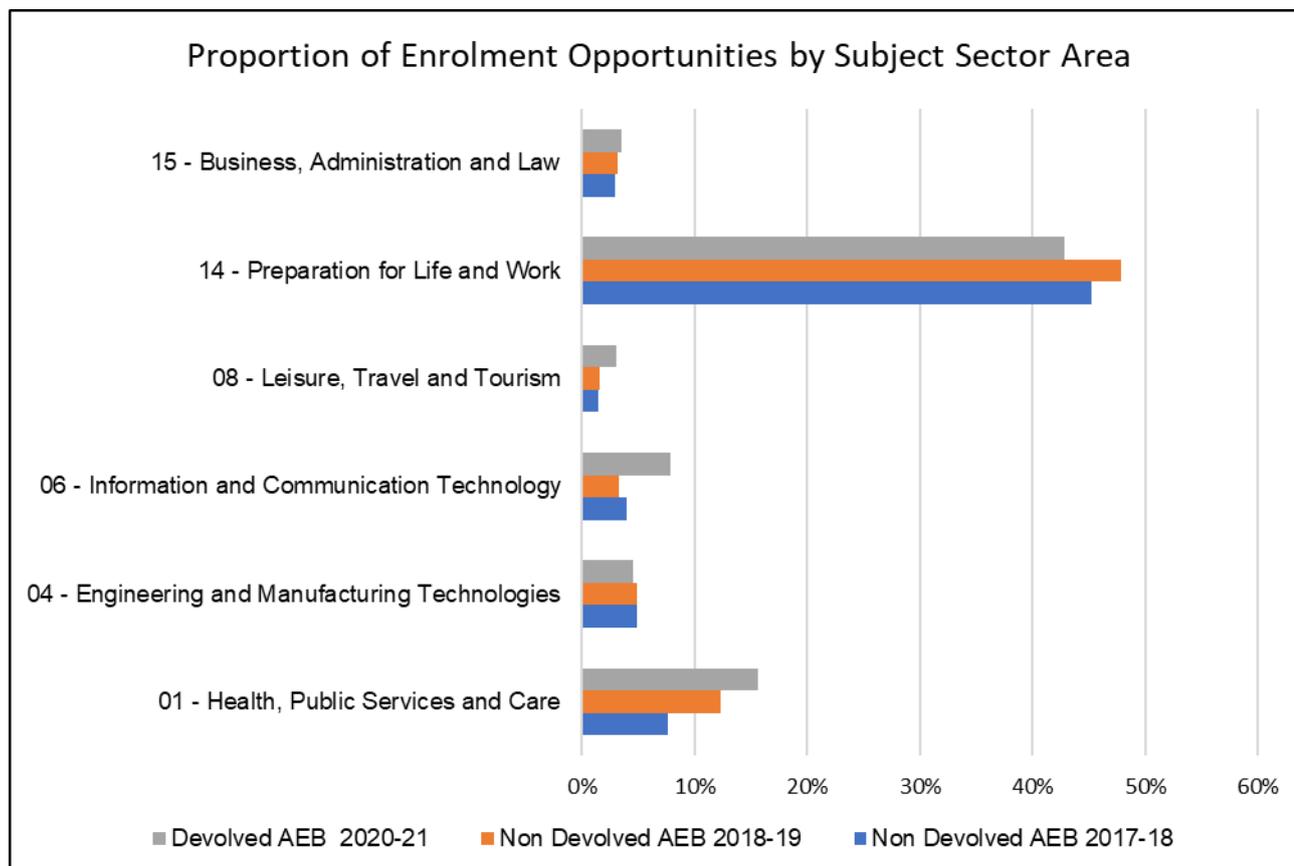
**Chart 2** illustrates the number and proportion of enrolment opportunities by AEB Skills and Community Learning.



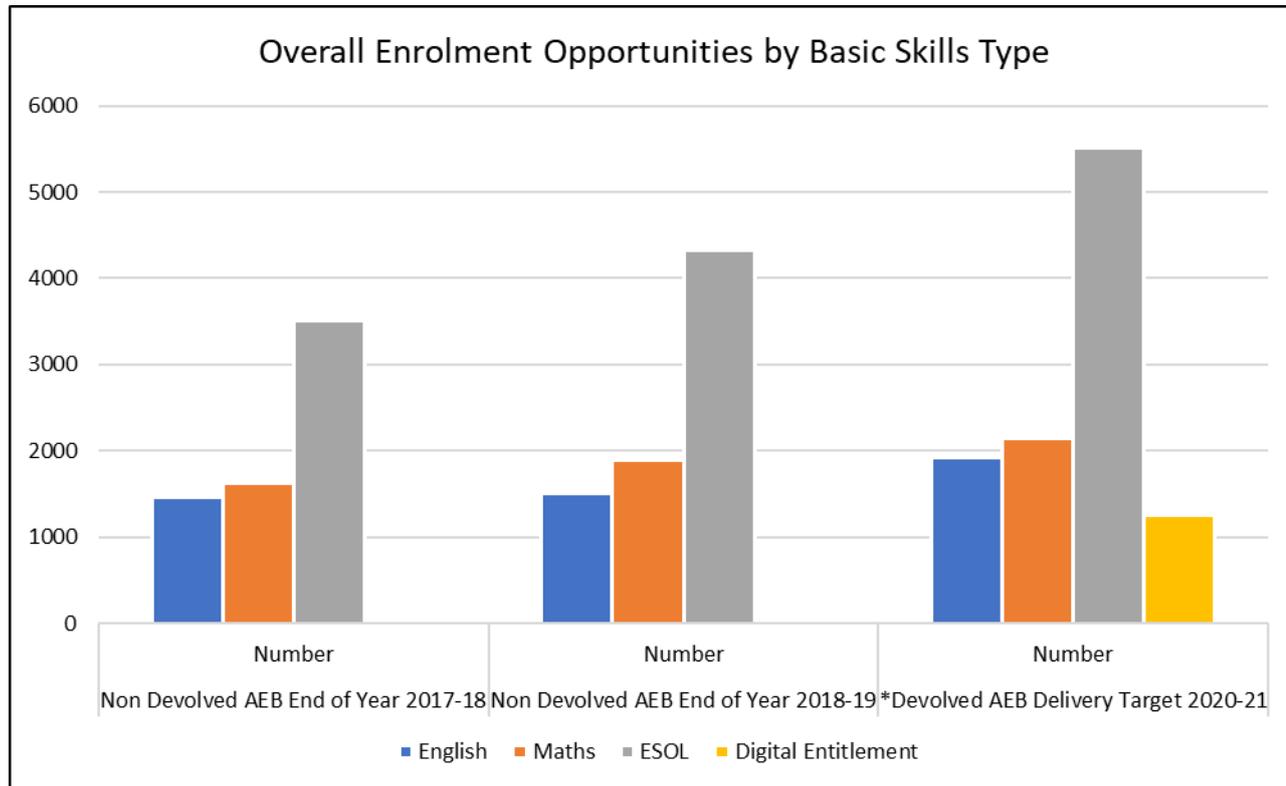
**Chart 3** illustrates the number and proportion of enrolment opportunities by level of provision



**Chart 4** illustrates the proportion of enrolment opportunities by subject sector area.



**Chart 5** illustrates enrolment opportunities by basic skills type which includes English, maths and English for Speakers of other Languages (ESOL). In addition, from Academic Year 2020/21, the Government has introduced a new basic digital skills entitlement for adults aged 19+ who lack the essential digital skills to realise the benefits of modern technology.



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### Appendix 3: NTCA AEB Provider Allocations

| Contract Type                                               | Provider Name                        | 2020-21 Provider Allocation £ |
|-------------------------------------------------------------|--------------------------------------|-------------------------------|
| Grant                                                       | Gateshead College                    | 642,594                       |
| Grant                                                       | Gateshead Council                    | 109,352                       |
| Grant                                                       | Newcastle City Council               | 3,035,981                     |
| Grant                                                       | Newcastle College Group              | 5,254,682                     |
| Grant                                                       | North Tyneside Metropolitan Council  | 1,938,476                     |
| Grant                                                       | Northumberland College               | 1,318,313                     |
| Grant                                                       | Northumberland County Council        | 1,134,672                     |
| Grant                                                       | South Tyneside Council               | 454,376                       |
| Grant                                                       | Tyne Coast College                   | 1,265,836                     |
| Grant                                                       | Workers Educational Association      | 350,852                       |
| <b>Total Grant</b>                                          |                                      | <b>15,505,134</b>             |
| Lot 1 Contract for Services                                 | Skills North East                    | 97,224                        |
| Lot 1 Contract for Services                                 | People Plus Group Ltd.               | 497,520                       |
| Lot 1 Contract for Services                                 | CECOS Computing International Ltd.   | 343,173                       |
| Lot 1 Contract for Services                                 | Health & Safety Training Ltd.        | 499,410                       |
| Lot 1 Contract for Services                                 | Learning Curve                       | 499,286                       |
| Lot 2 Contract for Services                                 | CECOS Computing International Ltd.   | 497,394                       |
| Lot 2 Contract for Services                                 | East Durham College                  | 101,275                       |
| Lot 2 Contract for Services                                 | Skills North East                    | 213,040                       |
| Lot 2 Contract for Services                                 | Profile & Development Training       | 126,568                       |
| Lot 2 Contract for Services                                 | McCrorry Training Limited            | 495,200                       |
| Lot 2 Contract for Services                                 | Newcastle College                    | 286,435                       |
| Lot 2 Contract for Services                                 | Gateshead College                    | 497,333                       |
| Lot 2 Contract for Services                                 | University Centre Quayside Ltd.      | 200,135                       |
| Lot 2 Contract for Services                                 | B-Skill Limited                      | 253,270                       |
| Lot 2 Contract for Services                                 | Key Training Ltd.                    | 630,066                       |
| Lot 3 Contract for Services                                 | North Tyneside Metropolitan Council  | 149,764                       |
| Lot 3 Contract for Services                                 | FIRST Face to Face Ltd.              | 50,000                        |
| Lot 3 Contract for Services                                 | The Alnwick Garden Trust             | 31,000                        |
| Lot 3 Contract for Services                                 | Action Foundation                    | 35,000                        |
| Lot 3 Contract for Services                                 | Release Potential Limited            | 150,000                       |
| Lot 3 Contract for Services                                 | Northumberland Business Service Ltd. | 83,000                        |
| Lot 3 Contract for Services                                 | Cedarwood Trust                      | 150,000                       |
| <b>Total (from procurement exercise held December 2019)</b> |                                      | <b>5,886,093</b>              |
| Lot 1 Contract for Services                                 | Back to Work Complete Training       | £149,820                      |
| Lot 1 Contract for Services                                 | Health & Safety Training Ltd         | £148,930                      |
| Lot 2 Contract for Services                                 | New College Durham                   | £99,700                       |
| Lot 2 Contract for Services                                 | University Centre Quayside Ltd       | £99,693                       |
| Lot 3 Contract for Services                                 | Cedarwood Trust                      | £110,000                      |
| Lot 3 Contract for Services                                 | Action Foundation                    | £50,000                       |
| Lot 3 Contract for Services                                 | Northumberland Business Service      | £72,000                       |
| <b>Total (from mini competition held May 2020)</b>          |                                      | <b>£730,143</b>               |

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**Introduction: High Value courses and Sector-based Work Academy programmes**

- 1.1 On 8 July 2020, the government announced its ‘Plan for Jobs’ policy which included additional AEB funding as part of the wider COVID19 skills recovery response to scale up Apprenticeships, Traineeships and to support people looking for a job.
- 1.2 In relation to the AEB, but excluding the additional funding for the 19-24 Traineeship programme, which remains a national programme and will be administered by the ESFA, the additional AEB funding can be used to:
- provide high value courses to help 18- and 19-year olds who were planning to leave education and may struggle to get a job or apprenticeship; and
  - help increase the number of Department of Work and Pensions (DWP) Sector-based Work Academy placements to provide short bursts of training to get the unemployed back into work.
- 1.3 On 23 July 2020 the DfE confirmed a total of £54.4m of additional AEB funding for the 2020/21 academic year to be shared between the Education and Skills Funding Agency (ESFA) and the Mayoral Combined Authorities (MCA) and Greater London Authority (GLA).
- 1.4 DfE devolved an additional £959,064 to NTCA for these programmes. This is a one-off arrangement, for one year only and will not be used in future AEB allocations beyond the 2020/21 academic year.
- 1.5 Table 1 below illustrates how the NTCA allocation has been split between the high value courses and Sector-based Work Academy Programmes (swap).

**Table 1**

|                      |                            |                 |
|----------------------|----------------------------|-----------------|
| <b>North of Tyne</b> | High Value Courses         | £483,058        |
|                      | SWAP                       | £476,006        |
|                      | <b>NTCA Additional AEB</b> | <b>£959,064</b> |

- 1.6 NTCA will deliver the following programmes of support with the additional allocation:

**High Value Courses for 19-year olds**

- 1.7 We support the government’s priority of getting young people into work, an apprenticeship or traineeship. However, where these are not available, we will utilise the additional AEB allocation to offer courses of up to one-year duration in high value subjects to prevent young people aged 19 from becoming not employed and not in education or training (NEET). Please note that 18-year olds will be funded through the ESFA’s 16 to 19 funding stream.

- 1.8 The one-year offer will enable 19-year-olds leaving education and training who are unable to find employment or work-based training opportunities to undertake specific level 2 and level 3 qualifications in high value skill areas to support young people's progression into employment.
- 1.9 DfE have [published](#) a list of qualifications included in the high value course offer and the criteria for selecting courses. This list includes qualifications which are relevant to the North of Tyne growth and priority sectors as detailed in the AEB Strategic Skills Plan and the North East COVID19 Recovery Plan. 19-year olds will be fully funded to undertake a qualification from the agreed list including those who already hold a level 2 and level 3 qualification. For those wishing to undertake a subsequent level 3 this means they will not be required to take out an advanced learner loan. Providers will need to demonstrate how courses through this offer support skills needs and employment outcomes in NTCA's growth/recovery sectors.
- 1.10 We recognise that young people's employment prospects are expected to be disproportionately affected by the economic fallout of coronavirus and if a young person is NEET, it is rarely temporary. Providers will need to demonstrate that young people enrolled on this one-year offer have been unable to secure employment, an apprenticeship and/or work-based training.
- 1.11 Providers must also target those young people who face disproportionate barriers to gaining employment or an apprenticeship. This may include young people who live in rural areas, young carers etc.
- 1.12 Providers will receive a premium payment of £400 to cover the costs of putting on additional courses at short notice, recruiting extra students, and preparing staffing and facilities. There is also an increased job-outcome payment if a learner leaves the course early because they gain employment.

### **Sector-based Work Academy Programmes**

- 1.13 Sector-based Work Academy Programmes are designed to help Jobcentre Plus claimants build confidence to improve their job prospects and enhance their CV, whilst helping employers in sectors with current local vacancies to fill them.
- 1.14 Sector-based Work Academy Programmes can last up to 6 weeks and have 3 main components:
- pre-employment training – funded through NTCA's additional AEB;
  - work experience placement – funded by Department of Work and Pensions (DWP)
  - a guaranteed job interview.
- 1.15 These programmes provide NTCA with an opportunity to work closely with DWP to ensure the additional AEB funding responds to employer demand, that quality work placements are available and that there is always a clear route to a job vacancy.
- 1.16 Sector-based Work Academy Programmes are delivered in response to employer demand. Providers must plan to deliver the pre-employment training and a work experience placement, aligned to a guaranteed job interview with a named employer. They can offer activities, including appropriate technical qualifications and skills required by the employer which will help the learner move into work or remove a barrier to them entering work. NTCA will expect employers to be involved in the design of pre-employment training.

- 1.17 A guaranteed job interview is a fundamental expectation of the programme to be agreed with the employer at the outset of the programme. This will provide participants with valuable interview experience. There does not have to be a job vacancy for every participant on the programme, but there must be a realistic chance of participants getting a job. The participant is offered a guaranteed job interview but not a guarantee of a job.
- 1.18 Consultation has taken place with DWP colleagues regarding the additional funding for Sector-based Work Academy Programmes. We have agreed a collaborative approach to ensure the programmes are developed with employers and operate in sectors with current local vacancies.
- 1.19 NTCA and DWP will implement a 'provider protocol' to ensure that providers utilise this additional funding to deliver programmes that are recognised by DWP for Jobcentre Plus (JCP) claimant referrals. This co-ordinated approach will reduce duplication in terms of several providers making a training offer to the same employers and to ensure that high quality pre-employment training and work experience is provided which leads to a guaranteed interview and potential job outcome.
- 1.20 NTCA are keen to ensure inclusive growth, providing access to work experience and job outcomes for unemployed and economically inactive residents. To support these aims we will be testing job outcome payments over and above the achievement of learning as part of Sector-based Work Academy programmes agreed by employers, DWP and the Combined Authority as the funder.
- 1.21 Providers will be paid a further £500 (from their allocation) for a successful job outcome that has resulted from a guaranteed interview. Providers must have evidence that the resident has secured a job for at least 16 hours per week for four consecutive weeks, where the resident was claiming benefits relating to unemployment, they must also declare that they have stopped claiming these.
- 1.22 The testing of this approach through the Sector-based Work Academy model will provide a robust and clearly defined process through which to assess and evaluate the success and impact of 'additional outcome payments' to help inform future AEB payment options.

### **Impact of COVID19**

- 1.23 It may also be possible for providers to develop other ways to deliver some form of a work placement within the constraints brought about by COVID19. Where a normal Sector-based Work Academy work placement cannot be delivered, providers will be expected to do all possible to provide participants with a proper practical understanding of what the job will entail.
- 1.24 This might be - a comprehensive tour of the workplace, Job shadowing, talking to current employees, use of a simulated workplace environment (e.g. a mock workplace in a college), use of an online environment (e.g. a call centre training system which simulates the actual job).
- 1.25 Alternative work placement arrangements must be recognised by NTCA and the DWP to be eligible as an element of a Sector-based Work Academy programme.

## **Allocation**

- 1.26 The additional AEB funding has been allocated to providers who are currently in receipt of an AEB Grant Agreement with the NTCA for the delivery of High Value Courses and Sector-based Work Academy programmes.
- 1.27 NTCA's Grant providers include our Further Education Colleges and Local Authority providers. They are strategic partners in the delivery of NTCA AEB and provide stability for residents, ensuring appropriate levels of statutory entitlement provision and geographical coverage to accommodate the travel to learn patterns in the NTCA area.
- 1.28 Grant providers are in a position to respond quickly to this additional allocation, which is for one year only. This is particularly relevant to the 19-year-old high value course offer where delivery for some young people needs to be in place by the end of September to prevent them from becoming NEET.
- 1.29 NTCA's Grant providers currently deliver a significant proportion of 16-19-year-old study programme provision across the North of Tyne Combined Authority area. This enables them to identify and support young people who have reached the end of their programme in July 2020 and are at risk of becoming NEET from September.
- 1.30 NTCA's Grant providers also have delivery partners in place, which include specialist independent training organisations who can be called upon to deliver Sector-based Work Academy programmes for employers if required. We have encouraged the providers to include subcontracting arrangements in their delivery proposals for this offer to ensure we achieve maximum sector coverage.
- 1.31 Consideration was given to undertaking a procurement exercise with the additional allocation as an alternative option to allocating the programmes to Grant providers. However, procurement is a resource intensive exercise, the minimum time for a mini competition would take up to 8 weeks, delaying any delivery on the increased allocation until the end of November 2020. Grant providers have full geographical coverage and established relationships with young people from their 16-19 study programmes which means they are better placed to offer the High Value courses designed to stop young people from becoming NEET in September.
- 1.32 NTCA's 10 Grant providers were invited to an information session on Friday 21<sup>st</sup> August 2020. The session outlined the amount of additional AEB funding available and consulted with the providers on NTCA's proposed programmes of support. The Grant providers were asked how they would respond to these programmes and there was a positive reaction on how the Grant providers could act swiftly to support young people in these programmes, drawing on their current relationships, partnerships and capacity.
- 1.33 Grant providers were then asked to submit realistic delivery proposals in relation to High Value Courses for 19-year olds and Sector-based Work Academy Programmes considering their previous track record and capacity to offer the additional programmes. We agreed that funding requests in the proposals should be in line with their % share of the overall Grant budget. Any requests for 'growth' above the minimum allocation would be considered but was subject to the number of delivery proposals submitted.

## **High Value Course allocations**

- 1.34 5 of the 10 Grant providers submitted a delivery proposal for High Value Courses for 19-year olds.

- 1.35 The delivery proposals submitted by the 5 providers were reviewed against the High Value qualification list issued by DfE referred to in paragraph 1.9 of this report. This has provided assurance that the proposals support skills needs and employment outcomes in NTCA's growth/recovery sectors.
- 1.36 Geographical coverage and accessibility of provision was considered as part of the providers delivery proposals. Most of the young people who will be targeted for the High Value Course offer will have completed Study Programmes with these providers in the 2019/20 academic year and have been unable to secure an apprenticeship, workplace training or employment. In view of this, they will continue to be supported to access this additional provision in 4 of the main Further Education Colleges across the NTCA area.

### **Sector-based Work Academy Programme Allocations**

- 1.37 6 of the 10 Grant providers submitted a delivery proposal for Sector-based Work Academy Programmes.
- 1.38 Sector-based Work Academies are subject to employer demand; all opportunities must link to current vacancies and require employers to come forward to co-design provision. Therefore, it is difficult to predict which sector areas will require provision. NTCA has encouraged all providers to secure named specialist providers from a range of sectors to help deliver the skills demanded by employers.
- 1.39 The 6 providers who have submitted delivery proposals have responded well and have provided assurance that there will be sector coverage across a number of sector areas that include:
- Construction
  - Customer Service (contact centre operations)
  - Energy & Offshore
  - Health & Social Care
  - Hospitality
  - Manufacturing & Logistics
  - Retail
- 1.40 NTCA have consulted with colleagues at DWP who have also reviewed providers delivery proposals. These included their subcontracted delivery partners who can be utilised to deliver specialist provision not offered by the providers. DWP have confirmed that a number of the providers named as delivery partners deliver Sector-based Work Academy programmes through sub-contracted arrangements with non-devolved funding. We have also had confirmation from DWP that they do not expect the activity proposed by NTCA to displace current Sector-based Work Academy provision.

### **Risks**

#### **i. Due diligence – quality assurance and financial checks**

NTCA has carried out an assessment of the financial health and capacity of Further Education Colleges in receipt of Grant allocations. Financial risk assessments are also undertaken by the ESFA and shared with NTCA annually.

NTCA also has a robust performance management process in place for all AEB providers. This includes a quality assurance framework which will be informed by continuing dialogue with the ESFA and The Office for Standards in Education, Children's Services and Skills (Ofsted).

Grant providers are also subject to contract monitoring throughout the year. Payments for this additional delivery will be made one month in arrears. This will mitigate risk related to NTCA not being able to recover over-payment if a provider 'under delivers' or gets into financial difficulties.

**ii. Insufficient demand for the programmes of support**

The Governments 'Plan for Jobs' policy includes a wide range of skills investment for employers and young people. There are additional incentives for employers to take on Apprentices, additional funding for Traineeships and a Kickstart scheme with funding available for employers to cover 100% of the National Minimum Wage for 25 hours a week.

There is a risk that demand for the High Value Course offer and Sector-based Work Academies will be impacted by the range of skills investment packages outlined above. Providers may not be able to deliver their additional allocation if demand for their programmes is insufficient.

NTCA will monitor the providers delivery on a monthly basis, tolerance levels will be set against delivery profiles and if providers are underperforming against these levels with no plans in place to increase delivery the additional funding will be reallocated to those providers who are performing above tolerance levels.

NTCA and its provider base will also work with DWP and Job Centre Plus work coaches to raise awareness and engage employers with the benefits of the Sector-based Work Academy Programmes, particularly if they have immediate vacancies to fill.

Grant providers currently deliver a significant volume of 16-19 study programme provision across NTCA. As part of their delivery proposals providers have reviewed their cohorts of young people who completed study programmes in July 2020 and identified those that have been unable to secure an apprenticeship, work-based training or employment. These young people will be targeted for support through the High Value course offer.

NTCA's supplier framework enables flexibility in terms of being able to hold mini competitions if lack of demand for the proposed programmes of support risks an 'underspend' of the additional AEB funding. The additional funding can be re-allocated through these mini competitions to enable any other gaps to be addressed and other skills for growth programmes to be supported later in the year.

**iii. Displacement of providers currently delivering Sector-based Work Academy programmes with non-devolved AEB**

Sector-based Work Academy Programmes are determined by employer demand and there is a risk that providers with allocations for these programmes are unable to meet demand for specialist provision and 'displace' providers who currently deliver these programmes with non-devolved AEB.

NTCA has encouraged the providers to name specialist delivery partners in their delivery proposals to maximise sector coverage. DWP has reviewed the list of providers submitted as subcontractors and confirms that a number of these currently deliver Sector-based Work Academies and are recognised providers with DWP.

The short timescales for delivery and limited amount of funding available for these programmes restricts NTCA in terms of an 'open tender' exercise for a wider provider base. We are asking the Grant providers to work collaboratively to avoid duplication and bring on board subcontracted partners with a track record of delivery if necessary.

We view this partnership approach with DWP and the Grant providers as a positive step forward in working together with the devolved AEB to engage employers and ensure our unemployed residents have access to quality assured and meaningful skills and employment support activity across NTCA.

NTCA will continue to work closely with DWP and has the flexibility to consider a ‘mini competition’ for these programmes if the provider base is unable to meet demand.

**iv. Impact of COVID19**

There is a risk that delivery could be delayed as measures to ‘open up’ classroom-based learning are implemented. Equally a ‘second wave’ of the COVID19 pandemic may result in another full lockdown. These risks are mitigated by the ability of providers to offer ‘on-line’ provision if classroom-based learning is delayed or lockdown measures are reintroduced.

There is also a risk that the shift amongst providers to ‘on-line’ learning does not provide value for money and more importantly learners do not receive a quality learning experience. As part of the quality assurance framework we intend to carry out ‘impact surveys’ to gain learners views of their learning experience. Any issues related to quality will be subject to performance management procedures.

**Glossary**

|        |                                                                   |
|--------|-------------------------------------------------------------------|
| AEB    | Adult Education Budget                                            |
| DfE    | Department for Education                                          |
| DWP    | Department for Work and Pensions                                  |
| ESFA   | Education and Skills Funding Agency                               |
| MCA    | Mayoral Combined Authorities                                      |
| NTCA   | North of Tyne Combined Authority                                  |
| Ofsted | Office for Standards in Education, Children’s Services and Skills |
| SWAP   | Sector-based Work Academy Programmes                              |
| HVC    | High Value Courses                                                |
| JCP    | Job Centre Plus                                                   |
| NEET   | Not in Education, Employment or Training                          |

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**Subject: Adult Education Budget Devolution**  
**Report of: Head of Inclusive Growth**  
**Portfolio: Employability and Inclusion**

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## Report Summary

The purpose of this report is to outline the performance management arrangements related to the devolved Adult Education Budget (AEB) and to seek approval for a recommended approach to allocating AEB funding 'in year' to both Contract for Services and Grant Providers.

In November 2019 the statutory order to devolve the Adult Education Budget (AEB) to the North of Tyne Combined Authority (NTCA) was approved. This enables over £24 million in Government money for adult education to be transferred to NTCA from 1<sup>st</sup> August 2020 onwards. With Cabinet approval the devolved AEB has been allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services.

Devolution of AEB has provided the opportunity to make commissioning decisions on a truly placed-based approach and forward-looking basis. We believe we have structured the fund in a way that will secure better outcomes for our residents and business, with greater participation in quality qualifications linked directly to the opportunities available in our area.

The impact of COVID19 is being closely monitored and we have already made progress to ensure that the AEB will support the area's recovery. The performance management and funding arrangements set out in this report will allow us to respond quickly to changes in the labour market and to support residents who may need additional support to access skills for employment.

NTCA will continue to work collaboratively with providers and relevant stakeholders to deliver a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.

## Recommendations

The Cabinet is recommended to:

- Note the performance management arrangements in place to monitor the devolved AEB
- Authorise the Head of Paid Service, in consultation with the Cabinet Member for Employability and Inclusion to approve funding allocations to both Contract for Services and Grant Providers.

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 As previously reported to Cabinet the statutory order to devolve AEB to the North of Tyne Combined Authority (NTCA) has been approved and NTCA's devolved AEB funding allocation for 2020/21 is £24,104,031 which includes a one year only amount of £959,064 to invest in High Value Courses and sector based work academy programmes as part of the Chancellor's announcement on the Plan for Jobs to support Young People during the COVID19 crisis.
- 1.2 With Cabinet approval the NTCA devolved AEB has been allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services.

- 1.3 We have worked hard to begin to shape delivery of adult education towards what our communities and businesses need, working closely with all relevant providers and stakeholders. The impact of COVID19 is being closely monitored and we have already made progress to ensure that the investment will support the area's recovery, as laid out in detail in the July 2020 Adult Education Budget Devolution cabinet report.
- 1.4 NTCA are keen to continue to develop our approach to strategic relationship building and partnership working, to develop a shared understanding of NTCA's long-term strategic ambitions and priorities that result in localised, flexible, high quality provision that responds to the needs of our residents and employers.

### **Performance management arrangements**

- 1.5 AEB officers will work with all NTCA funded providers, regardless of whether they are funded by a Grant Agreement or Contract for Services, through proactive and collaborative performance management that will support us to understand and improve the impact and outcomes for our residents through the devolved AEB funding.
- 1.6 Provider performance management will be a risk-based approach focused on the value of the contract, quality of provision, contract compliance, data submissions, overall progress against delivery plans, financial resilience and audit and assurance.
- 1.7 All NTCA funded AEB providers have submitted a detailed delivery plan and payment profile for the funding year, which will provide the vehicle upon which the provider's performance will be monitored. Providers will be paid monthly, in arrears, against that profile, with reconciliation points throughout the year.
- 1.8 Whilst we are taking a risk-based approach, we want the performance monitoring approach to be capable of moving funding around in-year in response to performance and demand. Alongside the regular reconciliation points, we want all our providers to identify when they are not meeting profile or when they are experiencing higher demand so we can look to re-distribute funding throughout the year.
- 1.9 All 'in year' funding allocations and reconciliation processes will be guided by the commissioning principles set out in the AEB Strategic Skills Plan. We will work closely with providers to ensure a high-quality adult skills offer is available which focuses on achieving outcomes directly linked to local skills needs, helping residents to improve their quality of life and ensuring that North of Tyne employers can access residents with the skills their businesses need to grow and thrive.
- 1.10 Procurement exercises will continue to be undertaken for 'unallocated' funding where necessary, however we also require flexibility to allocate funding to both Grant and Contract for Service providers where underperformance has been identified or there is evidence of increased demand.

### **Impact of COVID19**

- 1.11 The COVID19 crisis is a rapidly evolving situation and makes it even more important that we co-ordinate NTCA's devolved AEB funding and focus priorities to ensure that it supports the Economic recovery.
- 1.12 There is a risk that delivery could be delayed as measures to 'open up' classroom-based learning are implemented. Equally a 'second wave' of the COVID19 pandemic may result in another full lockdown. These risks are mitigated by the ability of some providers to offer 'on-line' provision if classroom-based learning is delayed or lockdown measures are reintroduced.
- 1.13 However, we are also mindful that performance against delivery profiles may suffer and that some providers may not 'recover' from a further lockdown. The need to be able to re-distribute funding to maintain delivery will be essential if this is the case.

- 1.14 Further devolved AEB may become available as a result of the crisis and NTCA will also need flexibility to allocate quickly to Grant and Contract for Service providers who have the resource and capacity to deliver more skills support.

### **Scheme of Delegation**

- 1.15 This report proposes to authorise the Head of Paid Service, in consultation with the Cabinet Member for Employability and Inclusion to approve in year funding allocations to both Contract for Services and Grant Providers.
- 1.16 This will enable NTCA to re-distribute funding in response to performance and demand. It will further mitigate risks related to an 'underspend' of AEB delivery and enable us to respond to growth areas of provision rapidly.
- 1.17 Delegated decision for in year funding allocations will give NTCA the flexibility and ability to respond quickly to the rapidly evolving situation related to COVID19.

## **2. Potential Impact on Objectives**

- 2.1 The devolved AEB supports the NTCA pillar '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, whilst providing the right support for people to access these jobs and further training, is crucial to our economic and social success.

## **3. Key Risks**

- 3.1 AEB Devolution features as a strategic risk on the NTCA Strategic Risk Register. In addition, at a project level, appropriate risk management processes are in place to identify and mitigate risks, with escalation requirements embedded,

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

- 4.3 Funding allocations as a result of performance management and demand will not exceed the overall devolved AEB funding and will be guided by the commissioning principles set out in the AEB Strategic Skills plan.
- 4.4 NTCA will review the performance of the devolved AEB at quarterly monitoring points, the first of which is in November 2020. This will enable NTCA to have a more informed picture of delivery in the first quarter of 2020 and enable any gaps to be addressed and any growth to be supported. This ongoing monitoring will enable NTCA to respond to the ongoing COVID19 crisis, any other 'Economic Shocks', unexpected fluctuations in the skills sector, and potential increases in digital entitlement.

## **5. Legal Implications**

- 5.1 The Interim Monitoring Officer's comments have been incorporated within this report

## **6. Equalities Implications**

- 6.1 As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals.
- 6.2 Each organisation the Combined Authority will contract with will be required by law to meet all relevant requirements in the workplace in respect of equalities. Through the Due Diligence process,

we have sought assurance from each provider that they have appropriate policies in place which protect and champion equality within their service.

- 6.3 In addition, we will encourage all companies we work with to be mindful of our commitment to equalities and direct them to guidance provided by the Equalities and Human Rights Commission. <https://www.equalityhumanrights.com/en/advice-and-guidance/guidance-businesses>.

## **7. Inclusive Economy Implications**

- 7.1 The Combined Authority believe the approach taken will positively contribute to creating a more inclusive economy in the North of Tyne with specific positive impact on addressing inequalities in skills and qualifications across the area.
- 7.2 The Adult Education Budget will be used to better equip residents with low or no qualifications in the North of Tyne with the skills required to participate in our key growth sectors. The realignment of provision towards the North of Tyne growth sectors will better meet the needs of our businesses and in turn provide residents with clearer opportunities to contribute to and benefit from economic growth now and in the future.
- 7.3 The Combined Authority will continue to monitor the impact of the Adult Education Budget on the inclusive economy aspirations as part of all performance management processes.
- 7.4 In due course, all providers will be invited to commit to the North of Tyne Good Work Pledge to advance their contributions as employers to the Combined Authority's inclusive economy aspirations.

## **8. Climate Change Implications**

- 8.1 The Combined Authority has considered the implications relating to climate change in decisions regarding allocation of the Adult Education Budget and believe there will be no negative impact as a result.
- 8.2 All providers are required to provide assurance that they have an environmental and sustainability policy.
- 8.3 In all procurement exercises, applicants were appraised on their commitments to climate change as part of Social Value. Where specific commitments have been made in relation to climate change, the Combined Authority will monitor compliance through performance management processes.
- 8.4 With the impact of COVID19, early indication shows the provider base in the Combined Authority have significantly increased the use of online learning as a means of delivery. Although no measurements are in place, the Combined Authority understand this will likely reduce carbon emissions associated with staff and learner travel.

## **9. Consultation and Engagement**

- 9.1 NTCA have been in continual communication with NTCA Grant and Contracted providers to ascertain the impact of the COVID19 crisis on their current delivery and gather intelligence on what additional provision could be made available through the AEB provider base to support recovery.
- 9.2 NTCA officers maintain regular contact with relevant stakeholders including the North East LEP, Skills Providers, the Department for Work and Pensions, the Department for Education and Employers. This supports co-ordination of vacancy opportunities and skills development.
- 9.3 NTCA AEB officers attend regular meetings with DfE, ESFA and other Mayoral Combined Authorities (MCAs) to share information and best practice.

9.4 NTCA will continue to work collaboratively with national strategic partners and local stakeholders to align the devolved AEB with other funding streams and activity to ensure it complements, rather than duplicates the wider learning experiences and opportunities aimed at supporting our residents to progress in learning and to move towards or into productive and sustained employment.

**10. Appendices**

None

**11. Background Papers**

AEB Strategic Skills Plan  
 AEB Cabinet papers 24<sup>th</sup> April 2019, 4<sup>th</sup> June 2019, 30<sup>th</sup> July 2019, 22<sup>nd</sup> October 2019 and 25<sup>th</sup> February 2020.  
 AEB Delegated Decision Report March 2020  
 AEB Delegated Decision Report June 2020

**12. Contact Officers**

Leigh Mills, Head of Inclusive Growth, [leigh.mills@northoftyne-ca.gov.uk](mailto:leigh.mills@northoftyne-ca.gov.uk), 07855 100179  
 Michelle Stone AEB Policy and Data Officer [michelle.stone@northoftyne-ca.gov.uk](mailto:michelle.stone@northoftyne-ca.gov.uk) 07813 766998

**13. Glossary**

|      |                                         |
|------|-----------------------------------------|
| AEB  | Adult Education Budget                  |
| AY   | Academic Year                           |
| DfE  | Department for Education                |
| DWP  | Department for Work and Pensions        |
| ESFA | Education and Skills Funding Agency     |
| ESOL | English for Speakers of Other Languages |
| MCA  | Mayoral Combined Authority              |
| NTCA | North of Tyne Combined Authority        |

**14. Sign-off**

|                                      |                        |                               |                            |                              |
|--------------------------------------|------------------------|-------------------------------|----------------------------|------------------------------|
| 1) Mayor and Portfolio holder<br>Yes | 2) Director/SMT<br>Yes | 3) Chief Finance Officer: Yes | 4) Monitoring Officer: Yes | 5) Head of Paid Service: Yes |
|--------------------------------------|------------------------|-------------------------------|----------------------------|------------------------------|

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**Subject:** Schools and Education Update  
**Report of:** Adrian Dougherty, Strategic Lead, Education Challenge

## Report Summary

The purpose of this report is to provide an update on the progress of two significant projects from the Education Improvement portfolio; the Joint School Improvement Strategy and preparations for the North of Tyne Education Challenge.

## Recommendations

The Overview and Scrutiny Committee is recommended to note the work and progress made in establishing a Joint School Improvement Strategy and the continued work with government to negotiate long term funding for a North of Tyne Education Challenge and make any comments/suggestions/recommendations as appropriate.

### 1. Background Information, Proposals and Timetable for Implementation

**1.1** The North of Tyne Devolution Deal provided the opportunity to seek an Education Challenge: Powers and funding to improve education for over 120,000 children and young people who live in the area. In addition, it outlined a commitment for North of Tyne Combined Authority constituent Local Authorities to work together to develop a unified approach to school improvement through the preparation of a Joint School Improvement Strategy, to collectively learn from and replicate good practice.

### 1.2 What are we trying to improve?

Evidence suggests that not enough of our children enter the North of Tyne education system ready for school, with early reading highlighted as one of our biggest areas of concern. This contributes to a long-term negative impact on academic outcomes. We are also concerned about the mental health of our pupils, highlighted by a rising number of Education, Health and Care Plans accountable to Social, Emotional & Mental Health issues. We expect this situation to have been exacerbated due to the mental health impact Covid-19.

Progress between Key Stage 2 and Key Stage 4 has historically been and continues to be a significant problem. At the end of Key Stage 4, 4000 of our young people do not achieve a 'strong' 9-5 pass in English and Maths GCSEs. In addition, our exclusions North of Tyne are higher than the national average, both for fixed-term and permanent arrangements.

The achievement gap (the difference in attainment between pupils from disadvantaged and non-disadvantaged backgrounds) is one of the biggest challenges in the North of Tyne education system. Evidence suggests this problem will be compounded due to Covid-19 school disruption.

Historically, too many of our young people leave school to find themselves Not in Education, Employment or Training. Covid-19 has significantly increased this problem, for example, sharply reducing the number of young people taking up apprenticeships. We also face an employability skills gap, which needs to be addressed before our young people leave school.

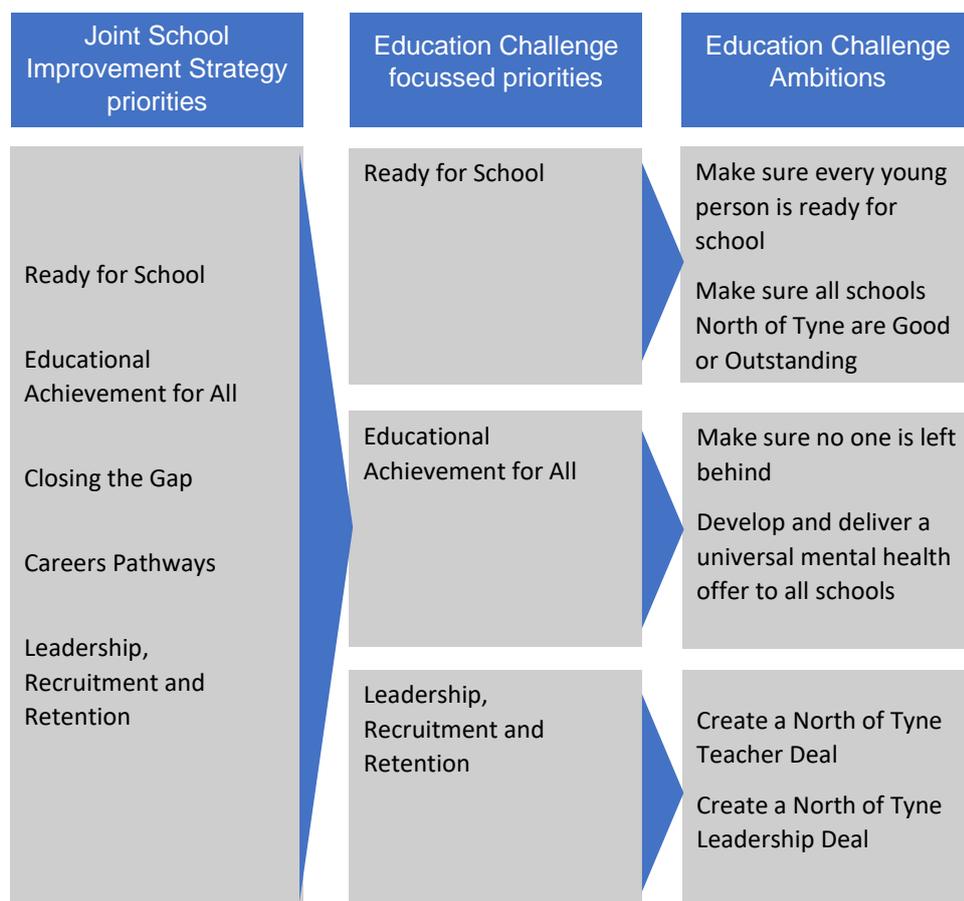
Evidence tells us that quality teaching has the most positive impact on pupil outcomes, particularly for those from a disadvantaged background. It is therefore of concern that we have a notable gap in Physics, Maths and Computing specialist teachers, and a problem retaining new entrants to the profession.

93% of our Primary schools and only 68% of our Secondary schools are graded as Good or Outstanding by Ofsted. Our leadership development training therefore needs to better reflect the

current challenges of school leadership, to raise standards and prepare a strong pipeline of tomorrow's school leaders.

### 1.3 What has happened so far?

Building on engagement with a range of stakeholders including DfE officials, the Elected Mayor and Cabinet of the North of Tyne Combined Authority began work on a Joint School Improvement Strategy. Agreement was reached on 5 shared priorities for the Joint School Improvement strategy, with a further 3 focused priorities and 6 ambitions for the Education Challenge:



### 1.4 Education Challenge progress

We have worked with over 250 education professionals to co-develop our strategy and priorities. We value the expertise of school leaders, teachers, governors, teacher educators, sector trade unions, local and national system leaders. To this end, we have engaged with this diverse group of stakeholders to produce a prospectus for the Education Challenge.

Following discussion with Cabinet and agreement on a prospectus the contents have been discussed with officials in the relevant Government Departments and informally through political channels. The Challenge was specifically highlighted as a key part of our budget submission in February 2020 and features in the recent North of Tyne Comprehensive Spending Review submission. Since last Autumn, further work is being done on the prospectus to update the data and to examine where it needs to reflect the impact of the COVID19 pandemic. Following the outcome of the Comprehensive Spending Review, the Mayor and Cabinet will consider that update and any further submission to Government which is required.

## **1.5 Joint School Improvement Strategy progress**

On 28<sup>th</sup> July 2020, the North of Tyne Combined Authority Cabinet approved the Joint School Improvement Strategy, endorsing the proposed approach of raising standards by sharing best practice. On Cabinet's instruction, Officers at each constituent Local Authority and North of Tyne began the implementation of this strategy.

Local Authority education teams have been working tirelessly with schools to ensure safe reopening since September 2020, managing responses to government guidelines and supporting the provision of a safe learning environment for our young people to learn, against a very difficult backdrop. Alongside this work, initial progress has been made towards the Joint School Improvement Strategy.

In line with the proposed approach under the 'Educational Achievement for all' priority, representatives from each Local Authority, sector experts, the Education Endowment Foundation and school leaders have established an 'Ed Tech' working group. Best practice has been shared to reduce potential learning loss and maximise remote learning opportunities while ensuring no pupil is left behind.

Work has also begun on the Careers Pathways priority, capitalising upon and contributing to North of Tyne Inclusive Economy Board work focusing on young people and good work.

As part of the Careers Pathways and Educational Achievement for All priorities, work has continued with The Newcastle United Foundation to develop an ambitious Futures programme, intended to inspire young people who struggling to engage with education. This high-profile, transformative outreach programme will support work already being done in our constituent Local Authorities

The North of Tyne Investment Fund has also been used to commission work to enhance educational achievement in Science, Technology, Engineering and Mathematics (STEM), and digital competencies. A broad STEM and Digital Skills programme is currently being redeveloped by Kielder Observatory, Woodhorn Museum, Sunderland Software City, Digital Catapult and NUSTEM to better serve schools in the current challenging climate, building on an initial launch last academic year.

## **1.6 Next steps**

It is proposed that Officers in each constituent authority and at North of Tyne continue work on the actions outlined in the Joint School Improvement Strategy, taking into account the issues arising from the impacts of Covid-19.

In addition to delivering the Joint School Improvement Strategy, it is proposed that work will continue with Government to negotiate the overall funding package to improve education in our schools through an Education Challenge as outlined in the North of Tyne Devolution Deal.

## **2. Equalities Statement**

As required by Section 149 of the Equality Act 2010, the Combined Authority has considered its obligations regarding the Public Sector Equality Duty and there will be no anticipated negative impact on groups with protected characteristics from these proposals. Further, we anticipate that those young people from a socio-economic disadvantaged background will gain significantly from the strategy and the unified approach to school improvement ensures that we will work positively with schools to improve life chances for young people with protected characteristics.

## **3. Inclusive Economy Statement**

The Combined Authority believe the Joint School Improvement Strategy and Education Challenge will positively contribute to creating a more inclusive economy in the North of Tyne with a specific positive impact on addressing inequalities in the achievement gap (the difference in attainment between pupils from disadvantaged and non-disadvantaged backgrounds). As stated, evidence

suggests this problem will be compounded due to Covid-19 school disruption. The Joint School Improvement Strategy will ensure that young people in the North of Tyne will improve their attainment and will be able to contribute to and benefit from economic growth in the future. The Combined Authority will monitor the impact of the Strategy on the inclusive economy aspirations as part of our performance management processes.

#### **4. Climate Change Statement**

There are limited climate change implications to this strategy, however NTCA will ensure that interventions identified as a result of activity on this strategy will signpost to local services and NTCA's climate education programme.

#### **5. Consultation and Engagement**

We have worked with over 250 education professionals to co-develop our strategy and test the vision, scale of ambition, and priority areas. We value the expertise of school leaders, teachers, governors, teacher educators, sector trade unions, local and national system leaders. To this end we have engaged over time with this diverse group of stakeholders. An initial round of stakeholder events was held, followed by discussions with MHCLG and the DfE, and then further stakeholder workshops and headteacher briefings. Meetings with teaching unions followed conversation between the NTCA Mayor and TUC. Views gathered from school leaders, teachers, health and social care leaders, businesses, government representatives, teaching unions and sector experts have been fed into the strategy.

#### **6. Appendices**

Joint School Improvement Strategy

#### **7. Background Papers**

None

#### **8. Contact Officers**

Adrian Dougherty, Strategic Lead, Education Challenge  
[Adrian.dougherty@northoftyne-ca.org.uk](mailto:Adrian.dougherty@northoftyne-ca.org.uk)

#### **9. Glossary**

DfE (Department for Education)

ONE (Opportunity North East)

STEM (Science, Technology, Engineering and Mathematics)

ECF (Early Career Framework)

AD (Associate Director [for Education])

EHCP (Education, Health and Care Plan)

SEMH (Social, Emotional and Mental Health)

## Executive Summary

### Purpose

The North of Tyne Devolution Deal calls for a unified approach to school improvement. Building on discussions in the Sub-Regional Improvement Board and engagement with school leaders, the North of Tyne Combined Authority began work on a Joint School Improvement Strategy in 2018 and Cabinet have since agreed a set of underlying priorities. This document is the resulting strategy and is presented for Cabinet's consideration.

### Introduction

This Joint School Improvement Strategy represents a unified approach to school improvement across the constituent North of Tyne authorities. It identifies how our education teams will collaborate to add value, contributing to improved performance against five key priorities, considering national and local best practice. Our collective impact will raise the standard of education and improve life chances for the young people we serve.

### What are we trying to improve?

Evidence suggests that not enough of our children enter the North of Tyne education system ready for school, with early reading highlighted as one of our biggest areas of concern. This contributes to a long-term negative impact on academic outcomes, particularly for white British boys from disadvantaged backgrounds. We are also concerned about the mental health of our pupils, highlighted by a rising number of Education, Health and Care Plans accountable to Social, Emotional & Mental Health issues. We expect this situation to have been exacerbated by the impacts of Covid-19.

Progress between Key Stage 2 and Key Stage 4 has historically been and continues to be a significant problem. At the end of Key Stage 4, 4000 of our young people do not achieve a 'strong' 9-5 pass in English and Maths GCSEs. Our exclusions North of Tyne are higher than the national average, both for fixed-term and permanent exclusions.

The achievement gap (the difference in attainment between pupils from disadvantaged and non-disadvantaged backgrounds) is one of the biggest challenges in the North of Tyne education system. Evidence suggests this problem will be compounded due to Covid-19 school disruption. In the North of Tyne secondary phase, pupils receiving the Pupil Premium for deprivation are more likely to receive a Fixed Term Exclusion than their peers. Similarly, pupils from the 20% and 40% most deprived areas are more likely to receive a Fixed Term Exclusion than pupils from other areas.

On leaving school, too many of our young people are Not in Education, Employment or Training. We expect this to get worse owing to the impact of Covid-19 – we have already

seen a sharp decline in apprenticeship uptake among our 16-18-year olds. We also face an employability skills gap across the North of Tyne, which needs to be addressed before our young people leave school.

Evidence tells us that quality teaching has the most positive impact on pupil outcomes, particularly for those from a disadvantaged background. It is therefore of concern that we have a notable gap in Physics, Maths and Computing specialist teachers, and a problem retaining new entrants to the profession. At the moment, 92% of our Primary schools and only 68% of our Secondary schools are graded as Good or Outstanding by Ofsted. Our leadership development training needs to better reflect the current challenges of school leadership (including how to lead through a crisis), in order to raising existing standards and prepare a strong pipeline of tomorrow’s school leaders.

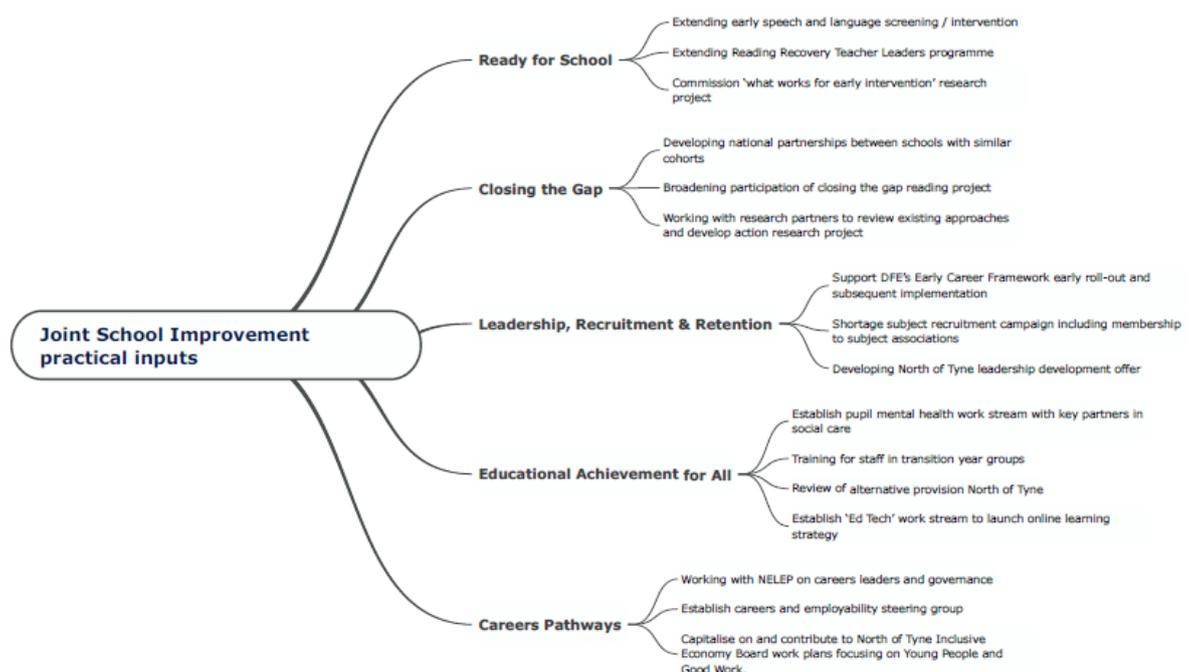
### Our approach

We intend to add value to the efforts of our three constituent authorities by collaborating to raise standards against our five shared priorities. We will share best practice across North of Tyne schools, academies, colleges and specialist provision. We will build on the strong partnerships that already exist and will share our learning with the wider sector. We will use rigorous evaluation processes to ensure that our research, learning and impact are robustly tested.

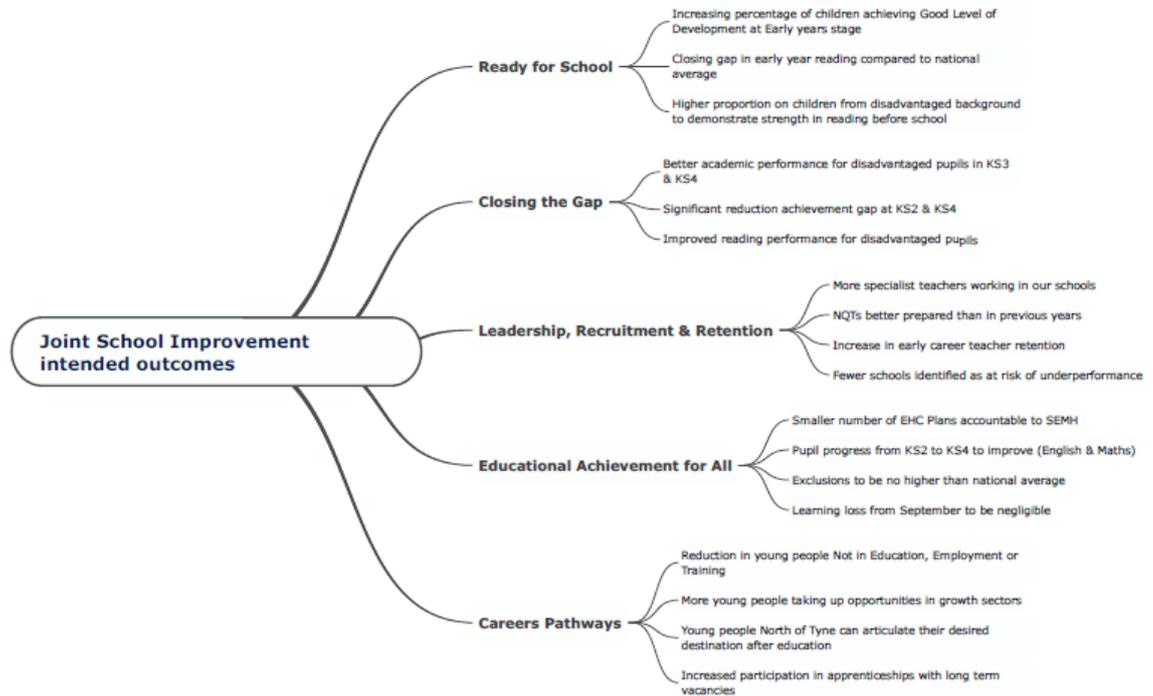
This strategy outlines what the system needs, some approaches are about identifying opportunities to share current best practice and extend successful interventions, some will require extra funding.

This strategy is a companion to an ambitious North of Tyne Education Challenge. The Challenge will impact positively upon all priorities outlined here, supporting the work with additional, related interventions.

### The practical inputs we intend to focus on:



## Our intended outcomes:



## What will success look like?

If we have succeeded, most children will arrive into our school system ready for school. Pupils in the Early Years will show confidence and competence in reading, regardless of their background. Pupils in our schools will demonstrate strong mental health, with a reducing number of EHCPs stating SEMH as a contributory factor.

We will have addressed the historical issue of transition and pupils will progress between Key Stages, particularly Key Stage 2 to Key Stage 4, with increased success. Our fixed and long-term exclusions will show a long-term downward trend, demonstrating a truly inclusive education system.

The difference in attainment between pupils from disadvantaged backgrounds and their peers will have reduced at Key Stage 4. Our work in Early Years and at transition points will have contributed towards a long-term reduction in the attainment gap. Our young people will demonstrably understand the skills and qualifications they need for a successful life after school. The very large majority of our young people will be in education, employment or training.

We will have a thriving community of specialist teachers and school leaders ready to successfully teach our children, to develop our school workforce and to lead our schools. The number of schools graded as Good or Outstanding by Ofsted will have increased and be higher than that seen nationally. Where a school is not yet Good or Outstanding, the local authority will be confident that the leadership of the school is bringing about rapid improvement. Our strategies and research will be nationally recognised and reflect the outstanding education practice that exists across our region.

# North of Tyne Joint School Improvement Strategy

## Background

The North of Tyne Devolution Deal calls for a unified approach to school improvement in the form of a Joint School Improvement Strategy.

*The constituent local authorities of the NTCA will work together to explore the scope for developing a unified approach to school improvement for the schools they maintain, initially through the preparation of a Joint School Improvement Strategy that would significantly assist in identifying constituent strengths and weaknesses, and support efforts to work together to learn from and replicate good practice as appropriate.*

Building on discussions in the Sub-Regional Improvement Board and engagement with school leaders, the North of Tyne Combined Authority began work on a Joint School Improvement Strategy in 2018. At its meeting on 24th April 2019 Cabinet agreed shared priorities for that strategy. They are

- Ready for School
- Educational Achievement for All
- Closing the Gap
- Careers Pathways; and
- Leadership, Recruitment and Retention.

## Scope

This document outlines a strategy for school improvement through constituent North of Tyne authorities working together, with a focus on the Combined Authority adding value under each of the agreed priorities. Officers of the constituent authorities have sought to identify specific issues underlying each priority and have identified local and national best practice interventions.

Progress will be cumulative; the nature of a joint improvement strategy means that outcomes will only be achieved as part of a wider programme of work in each constituent authority. The impact of Covid-19 has exacerbated many of the issues we had originally sought to address. The Children's Commissioner has stated that a worrying number of children are likely to miss six months or more of education as a result of the coronavirus crisis. This presents us with the imperative to work together and improve learning opportunities for children now.

None of the approaches identified here are 'quick fixes', and we acknowledge uncertainty about the practicalities of school operations in September 2020. This strategy outlines what the system needs, some approaches are about identifying opportunities to share current best practice and extend successful interventions, some will require extra funding.

This is a collaborative strategy, with the lead education officer from each of our local authorities representing the considerations of their wider team. The vision, scale of ambition and priority areas have been tested with a wide range of stakeholders. A series of engagement events have been held since April 2018, with views gathered from headteachers, teachers, health and social care leaders, businesses, government representatives, and sector experts. National and local education system leaders and organisations have been engaged and we hope to further test our strategy through a NTCA Education Stakeholder Group

This strategy is a companion to an ambitious North of Tyne Education Challenge. The Challenge will impact positively upon all priorities outlined here, supporting the work with additional, related interventions.

## **Vision**

We have the highest expectations for all our children and young people. We believe that all children and young people have the right to the very best education, and the very best personal support advice and guidance. We want all children and young people to reach their potential and have the knowledge, skills and understanding needed to lead fulfilling lives.

We intend to work together as a combined authority, adding value to the efforts of our three constituent authorities by collaborating to raise standards against our five shared priorities. We will champion excellence and share best practice across North of Tyne schools, academies, colleges and specialist provision. We will build on the strong partnerships that already exist, capitalising upon the skills and resources of diocesan partners, universities, business partners, research school partners, teaching school alliances, school networks, trusts, teaching and leadership unions and the Local Enterprise Partnership in addition to national research groups, CPD providers and thought-leaders. We are committed to sharing our learning from this work with the wider sector at a national level. We will use rigorous evaluation processes to ensure that our research, learning and impact are robustly tested.

## **1. Ready for school**

We want all children to be ready for school, so they can excel in our education system.

At the moment, 72% of North of Tyne pupils reach a Good Level of Development at the end of the Early Years Foundation Stage, meaning around 2,400 children North of Tyne are not achieving a Good Level of Development. These children and their families are a key focus for us.

Granular data shows that there is an opportunity for us to improve early reading attainment across all pupil groups with focus on our most disadvantaged children. This will have significant positive impact later in their educational life.

Our approach here is to focus on early reading, improve screening and early intervention across the piece, and support parents and pupils through the EYFS.

The region is already working towards tackling these issues. We will share learning from existing work across all constituent authorities, including a '1001 days' project focusing on extra support for families and young children most in need, an EYFS 'Passport' to capture key milestones in preparation for a child's transition into school and a strong reading recovery programme. The practical things we want to focus on include:

- Capitalising upon economies of scale and seeking funding to extend early speech and language screening and subsequent intervention.
- Extending a Reading Recovery Teacher Leaders programme to train colleagues across North of Tyne.
- Work with local and national research partners to commission 'what works for early intervention' research project.

The outcomes we want to achieve are:

- Increasing the percentage of children achieving a Good Level of Development at the end of the Early Years Foundation Stage.
- Closing the current gap in early years reading (the literacy strand of GLD) in comparison to national average.
- Seeing a higher proportion of children from a disadvantaged background demonstrate strength in reading before starting school.

## **2. Educational achievement for all**

Pupil mental health underpins successful academic achievement and the overall life experience of the pupils we serve. It is therefore a key focus of this strategy. Recognising our biggest challenges outside of mental health, we must place emphasis upon points of transition in our education system and our relatively high exclusion rate.

Before Covid-19, we saw an increase in EHC Plans, approximately quarter of which are accountable to SEMH. Initial indications suggest an understandable spike in mental health problems for children and young people attributable to the pandemic. We expect to see this borne out through experiences and academic performance at school.

Progress between Key Stage 2 and Key Stage 4 has historically been a key issue for our school system in constituent authorities. This means that at the end of Key Stage 4, over 4000 of our young people do not achieve a 'strong' 9-5 pass in English and Maths GCSEs.

Across the North of Tyne, A-Level and Academic average points are in line with National and North East regional averages (North of Tyne is 32.87 for A level and 32.95 for all Academic qualifications). Average points for Tech levels are similarly in line with National and regional performance, however average points for Applied General qualifications, whilst in line with national are slightly below the regional average.

Overall Absence and Persistent Absence in the North of Tyne area are worse than national average in the secondary phase and special school setting.

Our exclusions North of Tyne are higher than the national average, both for fixed-term and permanent exclusions. We are committed to continuing to work on this issue, understanding that we cannot enable achievement for all if we have large numbers of pupils excluded from our education system.

It is uncertain what school will look like in the coming academic year and we need to be prepared for some of the children we serve being at home for some of their learning. We need a more structured online learning provision than what we currently have available.

Our approach therefore is to focus on pupil mental health provision, transition points and exclusions. We also intend to develop an evidence-based approach to online learning.

We will share learning from existing work from constituent authorities including participation in a national mental health Trailblazer project, student counsellors in collaboration with universities, successful middle school models, and effective approaches to reducing unnecessary exclusions. The practical things we want to focus on include:

- Establish pupil mental health workstream with key partners in health and social care (e.g. Early Help)
- Training for staff in transition year groups to enable them to prepare pupils for next steps; including independent learning and life skills.

- Review of alternative provision across North of Tyne, with recommendations about how best to move forward collectively.
- Establish a North of Tyne 'EdTech' workstream to launch an online learning strategy.

The outcomes we want to achieve are:

- A smaller number of EHC Plans accountable to SEMH and a reducing trend of learners at ET Support.
- Pupil progress data between KS2 and 3, and KS3 and 4 to improve in English and Maths.
- Fixed and permanent exclusions to be no higher than the national average.
- Learning loss due to home/remote learning from the beginning of the academic year to be negligible.

### **3. Closing the gap**

The achievement gap (the difference in attainment between pupils from disadvantaged and non-disadvantaged backgrounds) is one of the biggest challenges in our post-Covid-19 education system.

At Foundation Stage, the achievement gap is smaller North of Tyne than the national average. This changes at KS2, becoming larger than the national average. By KS4, we have a significantly larger achievement gap than the national average.

In the secondary phase, pupils receiving the Pupil Premium for deprivation are more likely to receive a Fixed Term Exclusion than their peers. Similarly, pupils from the 20% and 40% most deprived areas are significantly more likely to receive a Fixed Term Exclusion than pupils from other less deprived areas.

Granular evidence suggests a gap in reading attainment, particularly for white British boys from a disadvantaged background which ultimately has a long-term effect on their academic outcomes.

To work towards reducing this gap and offer a fair chance for all North of Tyne children, our approach is to focus on identifying what works nationally, reducing the gap in reading achievement and having a focus on inclusion training.

We will amplify existing promising practice evident in many schools across constituent authorities and share learning from an ambitious place-based change pilot. The practical things we want to focus on include:

- Developing partnerships between schools with significant achievement gap and those who have demonstrated success with similar very similar pupil cohorts (nationally).
- Building upon and broadening participation of existing 'closing the reading gap' project.
- Work with local and national research partners to review existing approaches to 'closing the gap' and develop an action research project.

The outcomes we want to achieve are:

- Better academic performance for disadvantaged pupils in KS3 and 4
- Indicative data to show significant reduction of achievement gap at KS2.

- Indicative data to show significant reduction of achievement gap at KS4.
- Increased attainment in reading for specific cohorts of disadvantaged pupils.

#### 4. Careers pathways

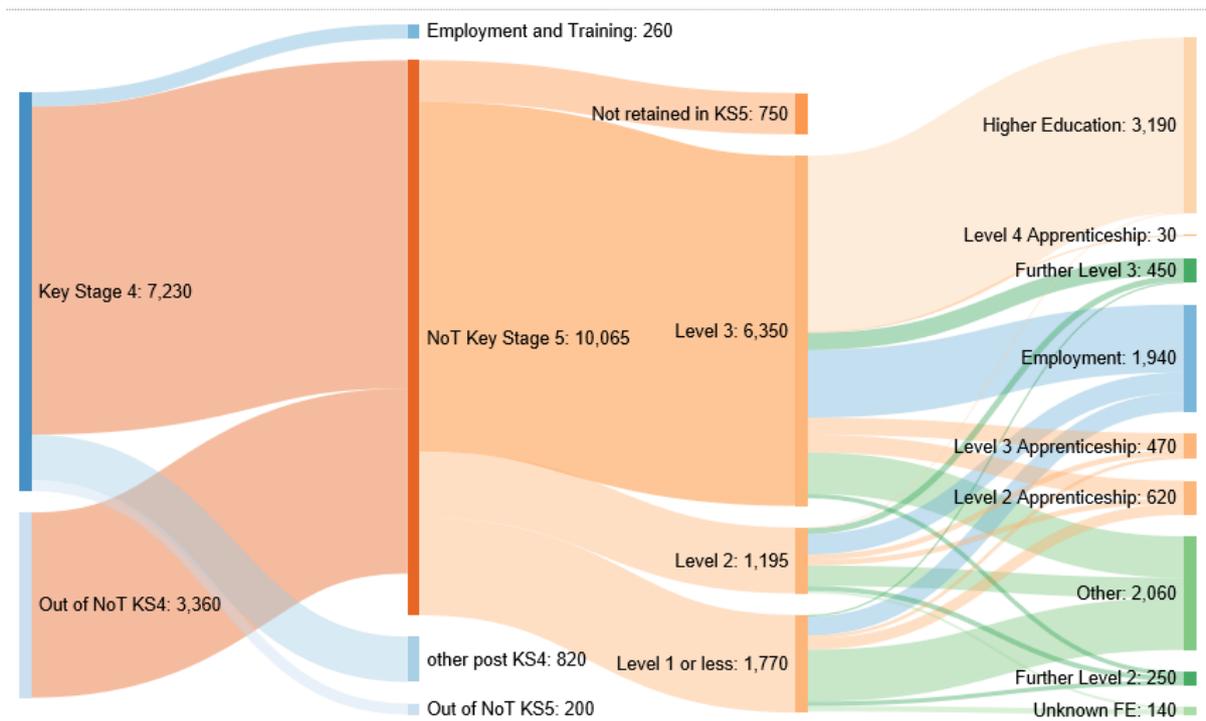
Too many of our young people in the North of Tyne are not in Education, Employment or Training. We are facing a significant employability skills gap, which needs to be addressed before our young people leave school.

840 of our 16-17 year olds last year were considered Not in Education, Employment or Training (NEET). Worryingly, local data suggests at least a 5% increase in young people NEET in the coming year as a result of disruption to education services and placements.

Some of our young people were in employment with training that does not lead to a regulated qualification, which does not therefore meet the 'duty to participate'.

Apprenticeship start rates in the North of Tyne area are relatively low (especially for the 19-24-year-old age band). The overall apprenticeships start rate for under-19s in North of Tyne is 7.3%, which is lower than the North East regional average. Apprenticeships have seen a sharp decline in uptake in the North of Tyne as a result of Covid-19, with the greatest reduction in participation coming from the 16-18 age bracket.

We have an employability skills gap. 26% of the vacancies in North of Tyne were skills shortage vacancies. 54% of these for high skills roles and 19% for service intensive roles (such as carers and sales staff).



*The above diagram shows the 2014-15 KS4 cohort, their activities mapped to the following KS5 cohort (finishing in 2017) and their activities mapped to 2018 destination.*

As part of North of Tyne Economic Recovery efforts, much work is underway to mitigate unemployment among school leavers, including working alongside Government to make a difference locally. In addition to supporting these efforts, our approach will be to work with

North of Tyne businesses, ensuing careers education is aligned to key sector opportunities – preparing our young people with relevant skills to thrive in these roles. This will dovetail with our wider NTCA inclusive economic vision and capitalise upon employer engagement to raise aspirations, through some of our highest profile North of Tyne assets (including NHS partners who have committed to recruiting from cohorts where we know career pathways are difficult). The practical things we want to focus on include:

- Working in partnership with the North East Local Enterprise Partnership to amplify good practice including work with careers leaders and governance.
- Establish a careers and employability steering group, bringing together in-school practitioners, North of Tyne key sector businesses, and skills and careers education providers.
- Capitalise upon and contribute to North of Tyne Inclusive Economy Board work plans focusing on ‘young people’ and ‘good work’.

The outcomes we want to achieve are:

- Reduction in young people Not in Education, Employment or Training in North of Tyne
- Ensuring more young people leave school able to take up opportunities in key North of Tyne growth sectors.
- Pupil, parent, teacher and employer voice indicating that young people can articulate their desired destination after education.
- Increase participation in Apprenticeships in sectors with long term job vacancies.

## **5. Leadership, recruitment and retention**

We recognise that teachers have the biggest impact upon pupil outcomes, even more so for those from a disadvantage background. We are driven to ensure we have a specialist, motivated teaching workforce. We have a strong commitment to leadership development and succession planning, so all schools can secure high quality and sustained leadership.

Regional data shows we’re overproducing specialist teachers for Primary, Biology, English and History. Following a national trend, we have around a 30% gap for Maths and Computing teachers and more than a 50% gap for Physics teachers. In keeping with the national trend, we have an issue with retention of early career teachers (practitioners in the first three years of their career).

Regional insight tells us that our existing leadership development programmes have proven strengths but could benefit from further development. We see a need to incorporate elements of training to address the current challenges of school leadership (including how to lead through a crisis).

We have 343 schools in the North of Tyne combined authority. There are 249 Primary schools – of which 92% are currently graded as Good or Outstanding, 63 Secondary – of which 68% are Good or Outstanding and 22 Special – of which 90% are Good or Outstanding.

Our approach will be to address the specialist teacher shortage, better support our early career teachers and better develop our existing and future school leaders to help raise standards.

We are already working with the DfE, supporting the Opportunity North East (ONE) programme to ensure as many of our schools are engaged in the early roll-out of the Early Careers Framework (ECF) as possible. We have established good partnerships with all ECF providers, cascaded key information and hosted a webinar for schools in lieu of a face-to-face DfE event. In addition, we have committed to working together with the DfE on a project to support Maths departments as part of the ONE delivery plan.

We will capture and share the best of the existing leadership development programmes across constituent authorities and build upon work with the Great North East Maths Hub and the Science Learning Partnership. The practical things we want to focus on include:

- Continued support for uptake of DfE Opportunity North East's Early Career Framework and sharing the best practice from early roll-out.
- Shortage subject recruitment campaign including membership to subject associations for new Computing, Maths and Physics teachers.
- Developing a North of Tyne leadership development offer, incorporating the best local and national development programmes.

The outcomes we want to achieve are:

- More shortage-subject specialist teachers working in NTCA schools.
- Mentor voice to show that NQTs are better-prepared than in previous years.
- Increase in early career teacher retention (2023/24)
- Fewer schools identified as at risk of underperformance.

### **Additional North of Tyne Combined Authority projects**

Existing and future NTCA projects running alongside this strategy will support our work. For example: an ongoing STEM and Digital Skills Programme (delivered through various partners including Sunderland Software City, NUSTEM at Northumbria University, Woodhorn Museum, Centre for Life and Kielder Observatory) supports the Education Achievement for All priority; an ambitious NU Futures project delivered through the Newcastle United Foundation will contribute to our Closing the Gap and Careers Pathways priorities; and the NTCA Digital Inclusion project has set aside funding for provision of learning equipment to a number of digitally excluded school-age children, which will support our Closing the Gap priority.

### **Evaluation and Governance**

As we move from strategy into early delivery, it is important to get our governance right. Acknowledging existing accountability measures from the Department for Education, Regional Schools Commissioner, Ofsted and individual Local Authorities, in our report to Cabinet on 24th April 2019 we proposed Governance in five parts:

- The existing Devolution Deal 5 Year Gateway Process;
- The Mayor, Portfolio Holder and Cabinet of the North of Tyne Combined Authority;
- A Stakeholder group to provide input and assurance;
- The Overview and Scrutiny committee;
- An advisory North of Tyne Education Improvement Board (as presented to Head of Paid Service in Education Portfolio Update on 28th April 2020)

Each priority presented in this strategy be reviewed by NTCA Education Improvement Board in the summer term, with opportunity to challenge, test and contribute to the current strategy in the preceding terms. The NTCA Education Strategy Group will monitor progress every half-term, presenting findings to (and encouraging feedback from) the wider NTCA Education Stakeholder Group every term.

### **NTCA Education Improvement Board**

A North of Tyne Education Improvement Board was proposed in the School Improvement Strategy and Education Challenge report on the 24th April 2019, and subsequent Education Portfolio Update circulated to Cabinet on 28th April 2020.

The primary role of an Education Improvement Board will be to play an advisory role to the NTCA Cabinet and challenge, test and contribute to the current strategy and its delivery as presented by the lead officer for education in each of the constituent authorities and Strategic Lead for Education at NTCA.

Our colleagues at the Department for Education have suggested that we reshape what was the Sub-Regional School Improvement Board, repurposing it to cover the North of Tyne Combined Authority Joint School Improvement Strategy and proposed Education Challenge.

It is intended that this advisory board will bring together senior leaders delivering education improvement from our constituent authorities, local and national education experts, as well as representatives from the Teaching Schools Council, teaching and leadership unions, diocesan partners, Multi Academy Trusts, and schools from all phases and settings including alternative provision and colleges. We propose that in readiness for the Education Challenge, this group be chaired by a significant national figure. This arrangement also provides an opportunity to raise the profile of our work within and beyond the education community, strengthening credibility and visibility both locally and nationally.

It is the intention that this board will meet on a termly basis, in line with the cycle of school activity.

It is proposed that the Head of Paid Service, in consultation with the Cabinet portfolio holder, finalises the terms of reference for and appointments to the Education Improvement Board

### **NTCA Education Strategy Group**

This is a regular opportunity for the ADs from each constituent LA, Strategic Lead for Education Challenge at NTCA and a representative from the North East DfE regional team to meet and develop the Joint School Improvement Strategy and Education Challenge.

### **NTCA Education Stakeholder Group**

This group allows for contributions from a wide range of local and national education expertise, ensuring our thinking is robust and representative of the sector.

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Subject: North East LEP – Funding Decisions Update

Report of: Helen Golightly, North East LEP Chief Executive

## Report Summary

The purpose of this report is to update Overview and Scrutiny Committee on the work and decisions of the North East LEP with a focus on Project Funding Decisions related to the Programmes managed by the North East LEP for which NTCA is the accountable body since 1 April 2020. It provides summary information about the LGF, EZ, and NEIF programmes including decisions related to £5m COVID-19 rapid response fund established using uncommitted LEP resources. In addition it provides information about the appointment of the new Chair of the North East LEP Board

## Recommendations

The Overview and Scrutiny Committee is recommended to

- 1) note the report which provides information on the work and decisions of the North East LEP.
- 2) Note the appointment of the new North East LEP Chair as a member of the NTCA Cabinet in line with Part 2.1. of the NTCA Constitution

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 The report provides an update on the North East LEP project funding decisions made during the first five months of the 2020/21 financial year. The North East LEP manages the Local Growth Funding (LGF), North East Investment Fund (NEIF) and the Enterprise Zone (EZ) programmes. More recently it was tasked by the government to manage the Getting Building Fund (GBF) programme for which the North East was allocated £47m.
- 1.2 Project funding decisions are made in line with the North East LEP Constitution and scheme of delegation. Decisions can be made by the North East LEP Board, the Investment Board or through delegated decision.
- 1.3 NTCA, as the LEP accountable body, is the legal entity which issues the grant and loan agreements to project applicants and as such must satisfy itself of the legal and financial probity of any decisions it implements on behalf of the North East LEP. This means that LEP project funding decisions also need to be authorised through NTCA decision-making.
- 1.4 Project funding decisions made and implemented between 1 April 2020 and 31 August 2020 can be grouped in three categories:
  - “Business as usual” activities related to the North East LEP funding programmes including decisions made by the previous accountable body prior to the transfer to NTCA
  - COVID-19 response interventions including those funded by the £5m COVID-19 rapid response fund established using uncommitted LEP resources
  - GBF projects
- 1.5 In more detail, these are as follows:
  - £934,442 NEIF loan and £150,000 LGF grant to Solar Capture Technologies for the Photovoltaic Automation project
  - £400,000 LGF grant to RTC for the Supply Chain North East, as part of the response to Covid-19

- £550,000 LGF capital grant to RTC for the Scale Up North East 2 programme, as part of the response to Covid-19
- Up to £1,000,000 NEIF (interest payments) grant to the Crowdfund North East Fund, as part of the response to Covid-19
- £200,000 in grant to Newcastle Airport to support COVID-19 recovery costs
- £318,000 LGF capital grant to Northumberland County Council to extend the existing North East Rural Growth Network Programme
- £498,159 LGF capital grant to South Tyneside Council to deliver new small manufacturing units at the Jarrow Business Centre
- £600,000 LGF capital grant to NECA on behalf of the Transport North East Strategic Unit to support the delivery of a regional Electric Vehicle (EV) Charging Infrastructure project
- £900,000 GBF capital grant to Newcastle United Foundation for the NU Futures Centre
- £950,000 loan facility to support NBSL to help deliver an ERDF COVID SME Recovery Fund for the region
- £105,000 LGF revenue grant to NOF Energy Ltd to support a pan North East programme of activities to help maximise the supply chain benefits in the Energy Coast offshore wind cluster
- £100,000 LGF revenue grant to Offshore Wind Growth Partnership (OWGP) Ltd to deliver the North East Offshore Supply Chain Innovation Programme.

- 1.6 Four High Potential Business Start-up grants were also allocated and reported to the North East LEP Board (please see Appendix A for detail) with the next update due at the November Board meeting.
- 1.7 Going forward, a number of project funding decisions approved by the North East LEP by end of August 2020 will go through NTCA decision-making. These include:
- £300,000 mini-funding programme for a Health Patent Protection scheme (part of the COVID-19 response fund) for which delegated authority to LEP Chief Executive to approve allocation and grant offers up to £25,000 is being sought.
  - Mini-funding programmes totalling £1,700,000 LGF and £500,000 NEIF (part of the COVID-19 rapid response fund) to allocate a range of grants across skills, infrastructure development, VCS infrastructure, innovation, digital, Health and Life Sciences and energy and for which delegation to approve allocations and grant offers is being sought.
  - Funding decisions including EZ loan for the North Bank of Tyne Project, EZ loan for the Holborn 2 Project, and NEIF loan extension for the Boiler shop Project in response of COVID-19.
- 1.8 In addition, it is expected that at least 21 new project funding decisions will be considered by the North East LEP before going through NTCA delegated decision by the end of 2020. These include
- Three LGF Programme pipeline projects
  - Additional EZ loan to Northumberland Energy Park
  - 17 GBF grant funding agreements.
- 1.9 Appendices A, B and C provide additional information about the position of all programmes and details on the specific projects set out in this report.
- 1.10 Following departure of Andrew Hodgson, as chair of the North East LEP for the last four years, a new Chair has been recruited and the North East LEP announced on 1 September 2020 the appointment of Lucy Winskell OBE as Chair of its Board. In line with Part 2.1. of the NTCA constitution, Cabinet was recommended to appoint the new North East LEP Chair as a Cabinet member, at its meeting on 29<sup>th</sup> September 2020.

## **2. Equalities Statement**

- 2.1 All North East LEP funded projects are required to be delivered in accordance with the objectives set out under s149 of the Equalities Act 2020.

### **3. Inclusive Economy Statement**

- 3.1 The North East LEP follows the policies set out in its North East Strategic Economic Plan that promote sustainable economic growth across the region. The core objective of the North East SEP is to support the creation of 100,000 'more and better' jobs in the region by 2024/25.
- 3.2 Several of the projects brought forward through the GBF and LGF, support a more inclusive economy for the North East.

### **4. Climate Change Statement**

- 4.1 Several of the projects brought forward through the GBF and LGF, support a greener economy for the North East.

### **5. Consultation and Engagement**

- 5.1 Proposals have been developed through normal LEP Board and Investment Board processes. Individual projects are required to consult as appropriate the stakeholders and statutory consultation processes where applicable.

### **6. Appendices**

Please note that the three appendices below are confidential – Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, Information 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Appendix A: Extract from item 9 from the North East LEP Board meeting held on 28 May 2020

Appendix B: Extract from item 6 from the North East LEP Board meeting held on 23 July 2020

Appendix C: Extract from item 6a from the North East LEP Investment Board meeting held on 8 July 2020

### **7. Background Papers**

None

### **8. Contact Officers**

- 8.1 Helen Golightly, Chief Executive  
North East LEP  
[Helen.Golightly@nelep.co.uk](mailto:Helen.Golightly@nelep.co.uk)

### **9. Glossary**

- 9.1 LEP – Local Enterprise Partnership  
9.2 LGF – Local Growth Fund  
9.3 EZ – Enterprise Zone  
9.4 NEIF – North East Investment Fund  
9.5 GBF – Getting Building Fund

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## Overview and Scrutiny Committee 13 October 2020

**Subject: Approach to communications and engagement at  
North of Tyne Combined Authority**

**Report of: Stuart Tarbuck, Head of Communications,  
Engagement and Organisational Development**

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### Report Summary

This report was requested by Overview and Scrutiny as part of its work programme. It provides an overview of how communications and engagement activity will develop.

The report outlines a framework for discussion, laying the groundwork for strong communications and outlining several key initial areas of activity.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the contents of the report and make any comments/recommendations as appropriate on the overall approach being proposed.

#### 1. Context

There are several current factors that impact on the development of communications and engagements for NTCA:

- **Working in partnership** - NTCA is a new organisation that works in partnership with its constituent Local Authorities, the North East LEP and other regional partners such as NECA. This commitment to partnership working is central to the approach it will take in developing comms and engagement activity.
- **Engagement and communications** – Working in partnership means we cannot just broadcast information to our audiences. Activity must support real engagement with those we work with, so that they are involved in its development. In this context, communications activity is about supporting the co-design and co-development of our work. We will engage audiences, partners and stakeholders to ‘bring them in’, so that they are part of our work. Our current development of ‘Crowdfund – North of Tyne’ with Spacehive is a good example of this.
- **Digital first** - The ongoing coronavirus crisis is deepening the use of social media over traditional; with fewer papers being bought and social media use surging. Twitter reported an increase in users of 34% in the second quarter of 2020. Similarly, ‘Zoom’ and ‘Teams’ – largely unheard of in 2019 - have become the default way of engaging audiences ‘face to face’.

Our approach to comms and engagement must put digital content first, developing appropriate content and our online 'channels', such as our followers on Twitter.

- **Real stories** – Social media works best when it tells stories of real people in their own words. This makes gathering case studies and using video central to our storytelling approach, to help bring to life our work and make real the impact we are having.
- However, the work of NTCA is by its nature an 'investment led' approach, with impacts on residents often many months after initial Cabinet decisions have been taken. Communicating both the 'decision' and the 'real impact' of investment will be key to strong engagement.

## 2. Three themes to our approach

There are three broad themes that we are following in developing our communications and engagement activity, relating to three important and distinct audiences:

### 2.1 - Getting the basics right

To make sure that our constituent Local Authorities, stakeholders and partners are informed about our work and can engage with it as appropriate we are taking the following action:

- **Forward planning** – We are putting in place a clear communication's forward planning process, this is now a routine activity for the organisation, engaging all officers and their projects. It is bringing structure to weekly communications activity and is looking six months ahead to improve planning. Good planning will allow us to focus and tell a stronger story about our work, at the right time.
- **New website** – We have recently refreshed the NTCA website, so that is appropriate for the work we do. The site is now appropriate for 'smart phone' and 'tablet' use, and able to host video content. This site allows us to create online content quicker and share it faster.
- **Building strong channels of communication** – With a large range of partners, we are at the early stages of building a range of appropriate clear channels to reach them.

There are several strands to this work:

- o Consistent use of social media, with more video content, with different social media channels appropriate for different audiences, with an aim to growing our numbers of followers.
- o Engaging with our 'partners' to ensure they understand our focus on case studies and put forward ideas to us – and that they know how to engage with us, and credit us where appropriate for the support we are providing.
- o Managing and maintaining the significant number of 'partnership' audiences and contact details that we are accruing, so that we can develop appropriate targeted communications for these different audiences.
- o Developing online public meetings and events using technology – so that we can continue to engage people during a time of 'social distancing'

### 2.2 - Telling our story

To make an impact beyond the region, it is important that we tell a strong and unique story about our vision and ambition with our partners, residents and those we want to work with

nationally, including Government. We want to develop a national reputation for effectiveness so that we can create opportunities to work with those who can help us, and to leverage funding for our region.

Our recent communications to support our 'recovery deal' tells our story in a co-ordinated and planned way.

It builds on our previous 'economic strategy' and considers the impact of the pandemic on our work. In the 'deal' we set out a compelling vision to 'recover, redesign and reimagine' a positive future for a dynamic and inclusive economy.

We told this story in three different ways, appropriate for different audiences: Government, regional partners and residents. While the document for Government was necessarily detailed and long, for residents we told the same story in a short 2-minute animation for social media and supported with a 4-page document for partners.

This is recent work, which is already showing success. It generated interest from national media, increased engagement at our Cabinet meeting, and increased followers on our social media accounts.

### **2.3 - Engaging with residents**

The above two themes are crucial to developing effective communications for all audiences, but specifically residents.

In short, we will be developing planned approach to tell 'real stories' that show the impact of our work on improving their lives, and we will use these stories on social media (and with traditional media).

In addition, we are engaging residents during a time of social distancing through the development of:

- Mayoral question times – with specific audiences, such as young people and disabled people
- Co-developing specific projects – such as 'Crowdfund – North of Tyne', and our Citizens' Assembly on Climate Change.

### **3. Next steps**

Autumn 2020 is about securing our recovery deal for the region – as we go into the new year we will look to tell the next chapter of our story, outlining what we will do next, and look back to celebrate what we have already achieved. We will do this in a way that engages all our audiences.

### **4. Equalities Statement**

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. Considering equality issues is key to all our work and will be undertaken to ensure communications activity such as events and campaigns meet the Authority's ambition to be fully inclusive.

## **5. Inclusive Economy Statement**

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability.

## **6. Climate Change Statement**

The Overview and Scrutiny Committee is mindful that the NTCA and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. The Communications Team will be mindful of this in their planning e.g. when choosing event locations and times of events they will ensure it is in a location which is accessible by public transport.

## **7. Consultation and Engagement**

The NTCA's approach to communications and engagement has been discussed with NTCA's senior management team, and the whole organisation to support the development of all activity. Communications forward planning and individual communication milestones, such as the recent 'recovery deal' covered in this report, have been discussed with Cabinet and the senior leadership team.

## **8. Appendices**

None

## **9. Background papers**

None

## **10. Contact Officers**

Stuart Tarbuck, Heads of Communications, Engagement and Organisational Development  
stuart.tarbuck@northoftyne-ca.gov.uk

## **11. Glossary**

NTCA North of Tyne Combined Authority

# Overview and Scrutiny Committee

13 October 2020

**Subject: 2021-2025 Financial Planning and Budget Process**

**Report of: Janice Gillespie, Chief Finance Officer**

**Portfolio: All**

## Report Summary

The purpose of this report is to inform the Committee of the 2021-2025 Financial Planning and Budget Process.

## Recommendations

The Overview and Scrutiny Committee is recommended to note the report on the 2021-25 Financial Planning and Budget Process report which was submitted and approved by Cabinet on the 29 September 2020, please see Appendix 1.

### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 At its meeting of the 29 September 2020 Cabinet members considered the report on the 2021-2025 financial planning budget process, including information on the key decision milestones. The report also included an update to the Medium-Term Financial Strategy (MTFS) and development of the detailed budgets for 2021-22.

### 2. Equalities Statement

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. An equalities impact assessment has not been undertaken as there are no direct equalities impact to consider in light of this report.

### 3. Inclusive Economy Statement

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The NTCA budget monitor reports provide transparency and assurance that public funds allocated to the region have been used appropriately in line with the Vision of the NTCA.

#### **4. Climate Change Statement**

- 4.1 The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. There are no direct considerations in relation to Climate Change arising from these specific finance reports other than reporting on the budget and any anticipated expenditure in relation to Climate Change projects.

#### **5. Consultation and Engagement**

- 5.1 The 2021-2025 Budget Proposals will be subject to wide consultation before the final budget proposals are taken to Cabinet for approval in January 2021, and after comments coming out of the Overview and Scrutiny Committee workshop are taken into account.

#### **6. Appendices**

Appendix 1 2021-2025 Financial Planning and Budget Process

#### **7. Background Papers**

Cabinet 28 January 2020, 2021-2024 Budget Report  
NTCA Vision

#### **8. Contact Officers**

Janice Gillespie, Chief Finance Officer, Tel: 0191 6435701  
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#### **9. Glossary**

|      |                                  |
|------|----------------------------------|
| NTCA | North of Tyne Combined Authority |
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**NORTH  
OF TYNE**

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**COMBINED  
AUTHORITY**

## **Cabinet**

**29 September 2020**

**Subject: 2021-2025 Financial Planning and Budget Process**

**Report of: Janice Gillespie, 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 2021/22 as part of the proposed framework for the four years 2021/22 to 2024/25. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2021/22. The next report to Cabinet will be on 24 November 2020, which will outline the initial Budget proposals.

This report sets out information in relation to the proposed 2021-2025 Financial Planning and Budget process, including information on the key decision milestones. This will include:

- o the update to the Medium-Term Financial Strategy (MTFS), and,
- o development of the detailed budgets for 2021/22.

### **Recommendations**

The Cabinet is recommended to approve the proposed outline 2021-2025 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, Proposals and Timetable for Implementation**

- 1.1 The Budget and Policy Framework Procedure Rules are set out in Part 3.2 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 2021-2025.

In addition to setting the strategic direction for the NTCA, it provides the basis for investment decisions.

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.

To date the authority has received £60.000m of the devolved investment fund agreed as part of the devolution deal. To date approved over £37.87m 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)**

Over the course of 2019/20 plans were put in place to secure the devolution of the Adult Education Budget (AEB) for the area, this was initially confirmed at £22.6m for 2020/21, with a more recent increase to £23.145m to deliver. A strategy is in place that aims to ensure over time, that training and skills provision responds to local needs to a much greater extent than is currently than has been the case.

### **Recovery and Devolution Deal**

The authority has worked with the constituent authorities to support the region in its response to the impacts of the Covid-19 pandemic, and that included access to resources and capacity to ensure that support was available for our businesses, citizens and sectors most effected by the situation. The cross-regional collaboration to create inclusive and sustainable growth has continued with the next phase of the devolution ask the authority has made to Central Government. Where the focus is on the resources, powers and relationships with Government that are needed to support recovery and accelerate growth. The recent submission to the Comprehensive Spending Review sets out the proposition with any outcome reflected in the budget and financial plans as they become clearer.

### **Brownfield Housing Fund**

The Brownfield Housing Fund is a £400m fund which aims to create more homes by bringing more brownfield land into development. The fund will contribute to the levelling up agenda targeting funding to help ease viability issues that brownfield projects face alongside supporting wider interventions aimed at economic development. The North of Tyne Combined Authority have been awarded £23.854m to support the development of 1,500 new homes on brownfield sites. The funding is profiled over 5 years with £5m in year one 2020-21.

### **Transport Levies**

As for 2020/21 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)**

Consideration will need to be given as to the inclusion of the 2021/22 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 2021-2025 Financial Planning process, the updating of the MTFS will be important. 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 MTFS 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 processes 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 **2021-2025 Financial Planning and Budget process Timetable of Key Decision Milestones**

Key aspects of the 2021/22 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**

The North of Tyne Combined Authority Vision document sets out the strategic objectives of the Authority. 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 2021-2025 Financial Plan, incorporating the 2021/22 Budget-Setting process.

4.2 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 2021-2025 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. Equalities Implications**

6.1 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.

6.2 The Authority will continually monitor the effect of our Budget-setting process and decision-making by using equality impact assessments.

6.3 Full impact Equality Impact Assessments (EIA) 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 24 November 2020.

## 7. Inclusive Economy Implications

- 7.1 There are no direct inclusive economy implications arising from the recommendations in this report. However, EIA's include inclusive economy implications and NTCA has adopted socio-economic disadvantage as a protected characteristic.

## 8. Climate Change Implications

- 8.1 There is no direct climate changed implications arising from the recommendations in this report. However, climate change is considered within an EIA for projects.

## 9. Consultation and Engagement

- 9.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The 2020/21 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.
- 9.2 Consultation with the Business Community and the Community and Voluntary Sector has continued through 2020/21 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 have continued as the proposals for delivery of the AEB have developed.

## 10. Appendices

Appendix A 2021-2022 Budget Setting Timetable

## 11. Background Papers

NTCA Economic Vision

## 12. Contact Officers

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

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Tel: 0191 6435701

## 13. Glossary

MTFS	Medium Term Financial Strategy
AEB	Adult Education Budget
MCA	Mayoral Combined Authority
NTCA	North of Tyne Combined Authority

## 14. Sign-off

1) Mayor and Portfolio holder	2) Director/SMT 11/9/2020	3) Chief Finance Officer: 11/09/2020	4) Monitoring Officer:	5) Head of Paid Service: Yes/No
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## Appendix A

### Budget Setting Timetable

<b>DATE</b>	<b>EVENT/MEETING</b>	<b>ACTION</b>
29 September 2020	Cabinet Meeting	To consider and agree 2021/22 budget process/timetable for <b>both</b> the Authority and Mayoral budgets.
13 October 2020	NTCA Overview and Scrutiny Committee	Update on the Budget process and timetable for <b>both</b> the Authority and Mayoral budget
24 November 2020	Cabinet Meeting	Consider and agree the draft budget proposals in respect of the Authority
8 December 2020	NTCA Overview and Scrutiny Committee	Receive the Authority's draft Budget proposals
15 December 2020	Joint Transport Committee	Consider and agree draft transport budget/levy for consultation
12 January 2021	NTCA Overview and Scrutiny Committee Workshop	Workshop to consider in detail the Authority's draft budget proposals and recommendations to Cabinet.
26 January 2021  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.
2 February 2021  15 February 2021 - Date by which Transport levies must be issued in line with Transport Levying Bodies Regulations	Joint Transport Committee/Tyne and Wear Sub-Committee	Consider and agree Transport budget and levy proposals.
Before 8 February 2021 (additional meeting needed)	Cabinet	Cabinet meet to agree recommendation to the Mayor in respect of the draft Mayoral budget.
09 February 2021	Overview and Scrutiny Committee	Consideration of Authority's and Mayor's final budget proposals
23 February 2021	Cabinet	Cabinet consider O&S Final Recommendations and approve the Authority's and Mayor's Budget.

## Overview and Scrutiny Committee

13 October 2020

**Subject: 2019/20 NTCA and North East LEP Financial Outturn: including LEP 2020/21 Budget and Illustrations for 2021-22 and INEE 2019/20 Outturn and 2020/21 Budget.**

**Report of: Janice Gillespie, Chief Finance Officer**

**Portfolio: All**

### Report Summary

The purpose of this report is to inform the Committee of the 2019/20 NTCA and North East LEP financial outturn, including the North East LEP 2020/21 budget and illustrations for 2021/22 and Invest North East England (INEE) 2019/20 outturn and 2020/21 budget.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the report on the 2019/20 NTCA and North East LEP financial outturn, including the North East LEP 2020/21 budget and illustrations for 2021/22 and Invest North East England (INEE) 2019/20 outturn and 2020/21 budget which was submitted and approved by Cabinet on the 28<sup>th</sup> July, 2020, please see Appendix 1.

#### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 At its meeting of the 28<sup>th</sup> July 2020 Cabinet members considered the report on the 2019/20 NTCA and North East LEP financial outturn, including the North East LEP 2020/21 budget and illustrations for 2021/22 and Invest North East England (INEE) 2019/20 outturn and 2020/21 budget. The North East LEP financial outturn and 2020/21 budget and illustrations for 2021/22 had also been considered and approved by the LEP Board in May 2020.
- 1.2 The report sets out the Combined Authority's financial performance in an outturn report. This reflects the Combined Authority's structure and is presented on a similar basis to the financial management reports that have been presented to Cabinet throughout the financial year. This report is also the end point of the Combined Authority's financial management process for the first full financial year to 31 March 2020.
- 1.3 In addition to reporting the Combined Authority's financial outturn position, the report also presents the North East LEP financial outturn and 2020/21 budget and illustrations for 2021/22 which had previously been considered and approved by the LEP Board in May 2020. INEE was previously reported to NECA Leadership Board, with the NTCA now the Accountable Body for INEE, in addition to the LEP, the financial reporting is now reported alongside the LEP Budget as part of NTCA reporting purposes.

#### 2. Equalities Statement

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances

equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. An equalities impact assessment has not been undertaken as there are no direct equalities impact to consider in light of this report.

### **3. Inclusive Economy Statement**

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The NTCA, LEP and INEE outturn and budget reports provide transparency and assurance that public funds allocated to the region have been used appropriately in line with the Vision and of the NTCA and Strategic Economic Plan of the LEP.

### **4. Climate Change Statement**

- 4.1 The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. There are no direct considerations in relation to Climate Change arising from these specific finance reports other than reporting on the budget and expenditure in relation to Climate Change projects.

### **5. Consultation and Engagement**

- 5.1 The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2019/20 budget was subject to wide consultation across the North of Tyne Region. The constituent authorities have been consulted directly on the production of the outturn statement.

### **6. Appendices**

Appendix 1: 2019/20 NTCA and North East LEP financial outturn, including the North East LEP 2020/21 budget and illustrations for 2021/22 and Invest North East England (INEE) 2019/20 outturn and 2020/21 budget.

### **7. Background Papers**

12th March 2019 Cabinet Budget Report  
North East Combined Authority Leadership Capital and Revenue Outturn Report.

### **8. Contact Officers**

Janice Gillespie, Chief Finance Officer, Tel: 0191 6435701  
[Janice.gillespie@northoftyne-ca.gov.uk](mailto:Janice.gillespie@northoftyne-ca.gov.uk)

**9. Glossary**

NTCA	North of Tyne Combined Authority
LEP	Local Enterprise Partnership
INEE	Invest North East England
Outturn	Financial performance position at the end of the financial year.

**NORTH  
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**COMBINED  
AUTHORITY**

## **Cabinet**

**28<sup>th</sup> July 2020**

**Subject: 2019/20 NTCA and North East LEP Financial Outturn: including LEP 2020/21 Budget and Illustrations for 2021-22 and INEE 2019/20 Outturn and 2020/21 Budget.**

**Report of: Janice Gillespie, Chief Finance Officer**

**Portfolio: All**

### **Report Summary**

The purpose of this report is to advise Cabinet of the 2019/20 outturn position of the North of Tyne Combined Authority (NTCA). The Accounts and Audit (Coronavirus) Amendment Regulations 2020 (SI 2020/404) extended the statutory audit deadline for all local and combined authorities from 31 July to November 30 2020, with the public inspection period being on or before the first working day of the 1<sup>st</sup> September 2020 which means the draft accounts must be published by 31<sup>st</sup> August 2020. In line with these regulations the NTCA are extending the deadline for completion of the draft accounts 28 July 2020.

This report also includes a report on the North East LEP (LEP) Financial Outturn position, including the LEP 2020/21 budget and illustrations for 2021-22 and Invest North East England (INEE) 2019/20 Outturn and 2020/21 budget for information.

### **Recommendations**

The Cabinet is recommended to:

1. Note the information contained in this report;
2. Note the positive 2019/20 NTCA Outturn position of (£0.285m);
3. Recommend the carry forward of £0.200m for commissioning work;
4. Note the Draft 2019/20 Audited Statement of Accounts to be presented at Audit and Standards Committee 28 July 2020
5. Note the intention to present the audited 2019/20 Statement of Accounts to Cabinet on the 29 September 2020 following consideration by the Audit and Standards Committee on the 22 September 2020.
6. Note the update on the North East LEP 2019/20 financial outturn; the updated 2020/21 budget and illustrations for 2021/22 and 2022/23; including the North East Investment Fund, Enterprise Zone Account and the Invest North East England outturn and budget position;

## 1. Background Information, Proposals and Timetable for Implementation

### 1.1 Statement of Accounts

In line with the revised reporting timetable the Combined Authority's draft Statement of Accounts will be taken to Audit and Standards Committee on the 28<sup>th</sup> July 2020 for information and review and published after this but prior to the 1<sup>st</sup> September 2020. The audited Statement of Accounts (the Accounts) 2019/20 will be presented to Cabinet for discussion and approval on the 29 September 2020. The Accounts are a statutory document which set out the Authority's financial position and performance for the period from 01 April 2019 to 31 March 2020. They are a series of formal accounts prepared according with specific statutory and regulatory frameworks.

This report sets out the Combined Authority's financial performance in an outturn report. This reflects the Combined Authority's structure and is presented on a similar basis to the financial management reports that have been presented to Cabinet throughout the financial year. This report is also the end point of the Combined Authority's financial management process for the first full financial year to 31 March 2020.

The figures contained in this report are provisional until the completion of the Accounts. In accordance with the Amendment Regulations 2020 the draft accounts will be "certified" by the Chief Finance Officer by 31 July 2020 and the audited Accounts taken to Audit and Standards 22 September 2020 to be recommended to Cabinet for full approval at the Cabinet meeting 29 September 2020.

#### Budget Setting

The budget for 2019/20 was approved by full Cabinet at its meeting of 12 March 2019. The Corporate Budget was set at a net zero position covering the costs associated with capacity to deliver. The Investment Fund Budget was set at a £15.625m reflecting the costs associated with the continuing development of proposals to be delivered from the Investment Fund.

#### Outturn and Reserves

The Outturn for 2019/20 indicates a net income position of (£0.285m) for the Corporate Budget based on the budgeted level of contribution from the Investment Fund of (£2.400m). This position reflects the transfer of (£0.182m) taken to the Preparing to exit the UK Earmarked Reserve based on the specific grant income received from Government, and also (£4.909m) in total of Business Rates Pooling from the three constituent authorities in line with the 2019-20 Pilot, and a carry forward commitment of (£0.200m) to cover work committed in 2019/20 in relation to sector commissioning work for pipeline projects in the Investment Fund and also to commission work in relation to the Covid-19 Recovery.

The Investment Fund outturn reflected a (£16.804m) net income position against budget of (£15.625m) net income position, reflecting £1.179m under delivery against budget.

Table 1 overleaf details the summary outturn position for both the Corporate and Investment Fund Budget.

**Table 1 Summary Outturn Position**

<b>Summary Outturn 2019/20</b>	<b>2019/20 Budget</b>	<b>2019/20 Outturn</b>	<b>Variance</b>
	£	£	£
Investment Fund Budget	(15,625,000)	(16,803,585)	(1,178,585)
Corporate Budget	(0)	(285,000)	(285,000)
<b>Total</b>	<b>(15,625,000)</b>	<b>(17,088,585)</b>	<b>(1,463,585)</b>

#### Accounting Adjustments

As part of statutory reporting regulations there is a requirement to ensure there is a clear audit trail between the outturn figures reported to Cabinet and those published in the Statement of Accounts. For 2019/20 there are no specific statutory accounting adjustments that will apply directly to the Combined Authority, however, the statutory accounts will include an element of the accounts for the North East Combined Authority that relate to transport activities that can be attributed to the North of Tyne Authorities.

#### Draft Statement of Accounts

A set of draft Statement of Accounts are currently under review, based on the direct income and expenditure of the NTCA, and will be taken to Audit and Standards Committee on the 28 July 2020.

## 1.2 Corporate Budget Outturn

A detailed outturn for 2019/20 is set out in Table 2 overleaf, the narrative below provides more detail:

#### Expenditure Variations

The gross expenditure outturn position was £37,018,800 (including JTC Levy), this is £0.048m over budget. The staffing expenditure budget was underspent by (£0.125m) arising from the timing of posts being filled and seconded posts being funded through SLA charges. Miscellaneous expenditure reflects an overspend of £0.047m, key expenditure within the budget was expenditure relating to Election costs in relation to the Mayoral Election £1.034m, there was also an additional external audit charge in relation to the appointment of new auditors for 2018/19 accounts. The Service Level Agreements (SLA) Budget was overspent by £0.090m, the majority of which related to seconded staff within the Finance SLA. The SLA's are with the North of Tyne constituent authorities and include legal, HR, IT, Finance support (transactional and accountancy support) and Data and Analytics. Service Level Agreements are reviewed on an annual basis to ensure they are in line with support required by the Combined Authority.

External advisor fees were higher than budgeted contributing to the net expenditure variance. One of the key contributors to the overspend is due to sector commissioning work to inform pipeline projects within the Investment Fund. In addition, a small portion of expenditure (£0.046m) related to an Adult Education Budget advisor, which is funded from the AEB Implementation Fund income stream. It is recommended that the net income outturn

(£0.200m), as shown in Table 2 is earmarked in 2020/21 to cover the work committed in 2019/20 and also to commission work in relation to the Covid-19 Recovery.

**Table 2 Corporate Budget Outturn 2019/20**

<b>Corporate Budget 2019/20</b>	<b>2019/20 Budget</b>	<b>2019/20 Outturn</b>	<b>Variance</b>
<b>Expenditure</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staffing / Secondments	1,772,345	1,646,939	(125,406)
Miscellaneous Expenditure (including Election costs)	1,399,000	1,445,772	46,772
Advisors External	305,000	341,574	36,574
SLA with Constituent Authorities	197,270	287,015	89,745
JTC Levy	33,297,500	33,297,500	0
<b>Total Expenditure</b>	<b>36,971,115</b>	<b>37,018,800</b>	<b>47,685</b>
<b>Income</b>			
Contributions from the Constituent Authorities	(120,000)	(111,000)	9,000
Mayoral Capacity Fund	(1,000,000)	(1,000,000)	0
Investment Fund	(2,400,000)	(2,400,000)	0
IF Workstream Development Support	0	(61,234)	(61,234)
AEB Implementation Funding	(153,615)	(381,891)	(228,276)
JTC Levy	(33,297,500)	(33,297,500)	0
EU Exit Grant	0	(181,818)	(181,818)
Business Rates Pilot 2019/20	0	(4,909,292)	(4,909,292)
ERDF Grant Income	0	(23,375)	(23,375)
Interest Receivable	0	(225,800)	(225,800)
Miscellaneous Income	0	(3,000)	(3,000)
<b>Total Income</b>	<b>(36,971,115)</b>	<b>(42,594,910)</b>	<b>(5,623,795)</b>
<b>Net Income/Expenditure</b>	<b>0</b>	<b>(5,576,110)</b>	<b>(5,576,110)</b>
Preparing to Exit EU Reserve		181,818	181,818
Business Rates Pilot 2019-20		4,909,292	4,909,292
Commitment to future sector commissioning work		200,000	200,000
<b>2019/20 Outturn/Transfer to General Reserve</b>	<b>0</b>	<b>(285,000)</b>	<b>(285,000)</b>

#### Income Variations

Income exceeded budget in the year by (£5.624m), this included Business Rates Income monies received from the three constituent authorities (£4.909m in total) in relation to 2019-20 Business Rates Pilot undertaken, this money is to be held in an earmarked reserve. In addition, (£0.182m) was received from MHCLG in relation to Preparing to Exit EU funding, again this is to be held in reserves. Other contributory factors for the excess income over budget was due to higher than anticipated AEB Implementation Funding (£0.228m), interest earned on investments was (£0.226m) this was achieved through investment with other Local Authorities in line with our Treasury Management Strategy, and earning greater levels of interest compared to those available through the Debt Management Office (DMO). The Investment

Fund contribution was in line with budget £2.400m, with additional funding stream (£0.061m) reflected to specific posts employed on delivering Investment Fund workstreams such as Education Challenge and the Returnships programme.

### 1.3 Investment Fund Outturn

Table 3 below sets out the detailed outturn against the budget for Investment Fund.

**Table 3 Investment Fund 2019/20 Outturn**

Investment Fund 2019/20	2019/20 Budget	2019/20 Outturn	Variance
Expenditure	£	£	£
Supporting Business Case Development	750,000	61,234	(688,766)
Workstreams	975,000	719,447	(255,553)
Technical Support	250,000	15,735	(234,265)
Contribution to Corporate Costs	2,400,000	2,400,000	0
<b>Total Expenditure</b>	<b>4,375,000</b>	<b>3,196,416</b>	<b>(1,178,584)</b>
<b>Income</b>			
Investment Fund	(20,000,000)	(20,000,000)	0
<b>Net (Income) Expenditure</b>	<b>(15,625,000)</b>	<b>(16,803,584)</b>	<b>(1,178,584)</b>

Expenditure on delivery against the Investment Fund has increased steadily throughout the year with £0.676m paid out in relation to grants including Kielder Observatory and Tour of Britain Cycle Race with Cabinet approval being given to support projects such as Northumberland Hexham Hydro, Energy Central Learning Hub and transforming NTCA Transport proposal. In totality the Investment Fund has committed £27.8m against 34 projects, these projects will attract £99.51m of private sector leverage and are forecast to deliver 2571 jobs. Forecast private sector leverage currently £99.51m, £57m of which is forecast to come from the Inward Investment Fund.

**Table 4 Commitment against Investment Fund Thematic Area**

	Committed	Allocation	% Allocated
	£m	£m	
Business	12.06	38.00	32%
People	7.23	16.30	44%
Place	2.22	13.70	16%
Major Strategic Economic Opportunities	5.19	17.50	30%
Business Case Development Fund	1.14	4.50	25%
	<b>27.84</b>	<b>90.00</b>	<b>31%</b>

Delivery against the Investment Fund Programme has been delayed in part due to the impact of Covid-19 Pandemic impacting at the end of the financial year. This remains the highest programme risk, with pressure on resources as activity both on developing pipeline and contract management increases.

To further support the impact of the COVID19 pandemic the Combined Authority has approved £677,750 to fund a Digital Inclusion Programme, providing access to IT equipment and internet

to vulnerable groups across Northumberland, North Tyneside and Newcastle, with a primary focus on young people in education

Forecast private sector leverage currently £99.51m, £57m of which is forecast to come from the Inward Investment Fund.

#### 1.4 Reserves Statement

Reserves held at 31<sup>st</sup> March 2020 are detailed below in Table 4.

**Table 4 2019/20 Reserves Statement**

<b>Reserves Statement</b>	<b>2019/20</b>
	<b>£</b>
Homeless Veteran Grant Reserve	90,909
Preparing to Exit Europe Grant	271,909
Business Rates Pilot 2019/20	4,909,292
Strategic Reserve	200,000
Investment Fund Reserves	36,839,162
<b>Total General (Useable) Reserves</b>	<b>42,311,272</b>
Pension Reserve	285,000

Reserves have increased by £22.412m being the uncommitted portion of the 2019/20 Devolution Grant monies (£17.289m) including the (£0.200m) commitment towards sector commissioning work and (£0.285m) outturn surplus transferred to the reserve, after transfer of (£0.181m) to the Preparing to Exit Grant.

A new earmarked reserve has been set up of (£4.909m) in relation to the Business Rates Pilot undertaken in 2019-20, this includes Business Rates Pool monies from the three constituent authorities, figures in relation to this will be finalised post audit in July 2020 and proposals will be brought forward to Cabinet in due course.

In relation to the Homeless Veteran Grant, all reporting requirements have been suspended by MHCLG. The project has not had any movement since the start of the year owing to Covid-19 work on homelessness by the three constituent authorities. The EU exit grant will be drawn down during 2020/21 in match with the North East Combined Authority's EU exit grant to fund Brexit work across the Region.

#### 1.5 Treasury Management Performance

The second tranche of the Devolution Grant monies (£20.000m) was received in April 2019, adding this to the uncommitted balance of Devolution Grant from 2018/19 allowed a balance of approximately (£36.000m) to be invested over the financial year. This was invested with other Local Authorities in line with the NTCA Treasury Management Strategy achieving interest on investment income of (£0.225m).

#### 1.6 Cabinet are aware that as part of the requirements arising from the establishment of the Combined Authority that a Joint Transport Committee (JTC) was created in order to continue to take decisions on Transport across the previous LA7 area of the NECA.

The nature of the JTC is such assets and liabilities of the JTC are required to be disclosed in the Statement of Accounts of the Combined Authority and will be allocated on a population basis between the North East Combined Authority (NECA) and NTCA. The accounts will include a note of the income and expenditure and assets and liabilities relating to Transport and how these have been apportioned between the NECA and NTCA. Outside the statutory audited accounts, information on the Transport budgets across the whole JTC area will be reported to that committee. For completeness of information the NECA Revenue and Capital

Outturn Report being reported to the NECA Leadership Board is included as background report to this report.

- 1.7 Prior to the creation of the North of Tyne Combined Authority (NTCA), the seven local authorities and North East Combined Authority (NECA) entered into a Deed of Co-operation which set out the parties' intention that NECA would be the accountable body for the Joint Transport Committee (JTC) and NTCA would be the accountable body for the North East LEP and Invest North East England (INEE). The transfer was completed on 1st April 2020 and the NTCA became the accountable body for the North East LEP and INEE.

At the Cabinet meeting on 25 February a report was taken on the update to the 2020/21 Budget reflecting implications of the North East LEP transfer. Within this report it stated that the 2019/20 outturn report and including the latest information about funding and a three-year budget projection will be reported back to June Cabinet after it has been approved at LEP Board on 28 May 2020. Due to timing this report is now being taken to July Cabinet alongside the NTCA 2019/20 financial outturn.

This includes performance of the Enterprise Zone account, Local Growth Fund and North-East Investment Fund. A small revenue surplus of £0.018m was generated on the LEP's core revenue budget, compared with a small deficit of £0.026m projected in the revised estimate for the year reported to the Board in January 2020. The outturn was better than projected and the LEP's General Reserve increased to £0.603m.

The North East LEP Outturn report including the 2020/21 budget and illustrations for the further two financial years as reported to the May LEP Board are shown below in Appendix A.

Invest North East England (INEE) 2019/20 Outturn position and 2020/21 Budget is shown in Appendix B.

## **2. Potential Impact on Objectives**

- 2.1 The North of Tyne Combined Authority vision document sets out the strategic objectives of the Combined Authority, this report sets out how the Combined Authority are delivering against these objectives.

## **3. Key Risks**

- 3.1 There are no key risks identified at this time.

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

- 4.1 This report sets out the finance and resource implications in detail.

## **5. Legal Implications**

- 5.1 The Combined Authority is required to agree a balanced budget annually and to monitor performance against that budget throughout the year. The Combined 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.

Under the Accounts and Audit (Coronavirus) Amendment Regulations 2020 (SI 2020/404) the statutory audit deadline for all local and combined authorities was extended from 31 July to November 30 2020, with the public inspection period being on or before the first working day of the 1<sup>st</sup> September 2020 which means the Combined Authority is required to publish their draft accounts by 31<sup>st</sup> August 2020.

## **6. Equalities Implications**

6.1 There are no direct equalities implications arising out of the recommendations in this report.

## **7. Inclusive Economy Implications**

7.1 There are no direct inclusive economy implications arising out of the recommendations in this report.

## **8. Climate Change Implications**

8.1 There are no direct climate change implications arising out of the recommendations in this report.

## **9. Consultation/Engagement**

9.1 The creation of the North of Tyne Combined Authority has been subject to significant and regional consultation. The 2019/20 budget was subject to wide consultation across the North of Tyne Region. The constituent authorities have been consulted directly on the production of the outturn statement.

## **10. Appendices**

**Appendix A: North East LEP 2019/20 Outturn and 2020/21 Budget Report**

**Appendix B: Invest North East England 2019/20 Outturn and 2020/21 Budget**

## **11. Background Papers**

11.1 12<sup>th</sup> March 2019 Cabinet Budget Report  
North East Combined Authority Leadership Capital and Revenue Outturn Report

## **12. Contact Officers**

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**North East Local Enterprise Partnership Board**

**28th May 2020**

**ITEM 6: Financial Outturn 2019/20; Update on 2020/21 Budget; and Illustrations for 2021/22 and 2022/23**

**1. Introduction**

- 1.1 The purpose of this report is to provide an update to the Board on the final outturn revenue budget position for 2019/20, including the performance of the Enterprise Zone account, Local Growth Fund and North-East Investment Fund. A small revenue surplus of £0.018m was generated on the LEP's core revenue budget, compared with a small deficit of £0.026m projected in the revised estimate for the year reported to the Board in January 2020. The outturn was better than projected and the LEP's General Reserve increased to £0.603m.
- 1.2 This report also provides the Board with an update of the current financial year budget (2020/21), taking into account the outturn position for 2019/20 and providing an illustration for the following two financial years 2021/22 and 2022/23. This is in line with previous requests from the Board for a medium-term view of the North East LEP's revenue budget. The illustration for 2021/22, 2022/23 reflects significant uncertainty around Government funding streams and presents only a core level of activity for that year. The budgets for these financial years will be updated as further announcements of additional funding streams are received.

**2. LEP 2019/20 Revenue Budget Outturn**

- 2.1 The LEP core budget covers LEP operational activity and also management of the Local Growth Fund, North East Investment Fund and Enterprise Zone programmes. Table 1 provides; the original approved budget, revised forecast reported to the Board in January 2020 and the actual spend for the year, with further details explaining significant variations provided below.
- 2.2 The North East LEP Board approved budget for 2019/20 comprised gross expenditure of £4.156m and gross income of £4.121m, therefore projecting a drawdown requirement from the LEP general reserve of £0.035m. The update to the Board in January revised the 2019/20 forecast expenditure to £4.664m and income to £4.638m, providing a reduced forecast use of reserves of £0.026m.
- 2.3 Actual total revenue expenditure in 2019/20 amounted to £4.579m, which is £0.085m lower than the January forecast. The actual income also saw a minor reduction of £0.041m, from £4.638m to £4.597m. Overall the LEP recorded a £0.018m surplus for the financial year.

**Table 1 2019/20 Outturn**

	2019/20 Base Budget	2019/20 Revised Budget	2019/20 Outturn	Variance between Final Outturn and Revised Budget
	(£)	(£)	(£)	(£)
Employees	2,508,000	2,516,000	2,451,288	(64,712)
Premises	190,000	193,000	199,274	6,274
Communications	247,000	247,000	257,306	10,306
Transport LGF Monitoring	100,000	72,000	63,226	(8,774)
Growth Hub Operational Costs (inc.Brexit increa	117,000	141,000	142,911	1,911
Invite (Horizon 2020) Operational Costs	66,000	56,000	57,155	1,155
LIS (Local Industrial Strategy)	24,000	68,000	68,550	550
Other Operational Costs	614,000	662,000	708,343	46,343
North East Ambition Operational Costs (ESF)	100,000	96,000	90,499	(5,501)
Brexit Intelligence and Business Support	0	204,000	210,925	6,925
LGF High Potential Operational	0	78,000	64,861	(13,139)
Energy Programme Operational Costs (Strateg	0	40,000	16,100	(23,901)
Inward Investment Contribution	140,000	140,000	140,000	0
Other NEIF / LGF / EZ Costs	50,000	151,000	108,852	(42,148)
<b>GROSS EXPENDITURE</b>	<b>4,156,000</b>	<b>4,664,000</b>	<b>4,579,291</b>	<b>(84,709)</b>
LEP Core & Strategy Grant from DCLG	(500,000)	(500,000)	(500,000)	0
Local Authority Match Contributions	(250,000)	(250,000)	(250,000)	0
BEIS - LIS production and LEP review	(224,000)	(224,000)	(224,488)	(488)
<b>CORE FUNDING</b>	<b>(974,000)</b>	<b>(974,000)</b>	<b>(974,488)</b>	<b>(488)</b>
Local Growth Fund (programme mgmt costs)	(950,000)	(950,000)	(827,842)	122,158
Interest Generated on Funds to fund INEE	(140,000)	(167,000)	(190,691)	(23,691)
Growth Hub (including Brexit increase)	(410,000)	(442,000)	(441,579)	421
Brexit Intelligence and Business Support	0	(204,000)	(212,252)	(8,252)
Enterprise Adviser grant - CEC	(190,000)	(250,000)	(292,243)	(42,243)
Invite (Horizon 20/20)	(102,000)	(84,000)	(67,088)	16,912
ERDF + Digital Catapult + AHSN	(103,000)	(75,000)	(64,627)	10,373
NEIF Contribution to cover activity costs	(66,000)	(106,000)	(232,273)	(126,273)
EZ Contribution to cover activity costs	(52,000)	(107,000)	(127,686)	(20,686)
NECOP	(136,000)	(143,000)	(100,134)	42,866
European Social Fund North East Ambition	(464,000)	(417,000)	(416,178)	822
LGF match North East Ambition (ESF project)	(314,000)	(143,000)	(144,030)	(1,030)
EY Foundation	(75,000)	(75,000)	(47,136)	27,864
DfE	(40,000)	(75,000)	(62,771)	12,229
LA Contributions re ESIF Co-ordinator	(20,000)	(20,000)	(20,000)	0
LGF High Potential	0	(93,000)	(108,893)	(15,893)
Brexit Policy Work Programme	0	(59,000)	(34,103)	24,897
Energy Strategy BEIS / TVCA	(79,000)	(99,000)	(72,363)	26,637
Energy Programme Misc. Contribution	0	(69,000)	(41,581)	27,419
Energy Programme LGF Rev Contribution	0	(14,000)	(33,018)	(19,018)
5G Pilot - LGF	0	(35,000)	(35,308)	(308)
Invest NE Comms Contribution	(6,000)	(6,000)	(6,000)	0
DfE One Vision	0	0	(8,055)	(8,055)
Other Income	0	(31,000)	(36,806)	(5,806)
<b>EXTERNAL FUNDING</b>	<b>(3,147,000)</b>	<b>(3,664,000)</b>	<b>(3,622,657)</b>	<b>41,343</b>
<b>GROSS INCOME</b>	<b>(4,121,000)</b>	<b>(4,638,000)</b>	<b>(4,597,145)</b>	<b>40,855</b>
<b>NET BUDGET</b>	<b>35,000</b>	<b>26,000</b>	<b>(17,854)</b>	<b>(43,854)</b>
<b>BROUGHT FORWARD BALANCE</b>	<b>(585,000)</b>	<b>(585,000)</b>	<b>(585,000)</b>	
<b>Use or (Contribution) LEP Reserves</b>	<b>35,000</b>	<b>26,000</b>	<b>(17,854)</b>	
<b>CARRY FORWARD BALANCE</b>	<b>(550,000)</b>	<b>(559,000)</b>	<b>(602,854)</b>	

## 2.4 Expenditure

Expenditure of £4.579m was £0.423m higher than the original budget for the year and £0.085m below the revised estimate that was reported in January. This was mainly due the additional activities that the LEP undertook during the year, such as Brexit/EU exit preparations and skills activity, which were funded by additional income streams. The main areas of expenditure variation since the last update to the Board are noted below.

## 2.5 Employee Costs

Employee expenditure totalled £2.451m, which is marginally lower than forecast. This underspend is a mix of the savings arising from vacant posts held at various points throughout the year partially offset by new posts being created linked to new projects attracting additional external funding.

## 2.6 Premises

This expenditure has increased beyond the budget due to one-off costs associated with the move to a larger office within St James Gate e.g. workstation refit costs.

## 2.7 Communications

The Communications expenditure for the year was £0.257m, which exceeds the budget of £0.247m by £10,000, with £6,000 of this increase being funded by a contribution from Invest North East. The successful delivery of the LEP communication strategy is a key aspect of ensuring an effective North East LEP operation.

## 2.8 Transport LGF Monitoring and Evaluation

The recharge from the regional transport team for LGF transport project support was £0.063m, a further reduction on the Revised Estimate. This is due to the majority of LGF transport schemes having progressed through appraisal and requiring less support last year.

## 2.9 Growth Hub Operational Costs

Non-salary costs in delivery of the Growth Hub initiatives increased during the year following an additional grant award from BEIS to provide EU exit readiness advice. The increase in spend was fully matched by the increase in grant.

## 2.10 Other Operating Costs

Expenditure on this budget area totals £0.708m for 2019/20, which is £0.046m greater than the Revised Estimate of £0.662m. This relates to costs associated with NEIF and EZ support/appraisal activity and Skills initiatives, all of which are funded by external income sources or fund drawdowns.

## 2.11 Brexit Intelligence and Business Support

As noted in the January 2020 Board update, additional funding was provided by BEIS during 2019/20 to support regional Brexit preparation activity.

## 2.12 Income

Income of £4.623m was £0.476m higher than the original budget for the year and £0.041m below the revised estimate that was reported in January. This was mainly due the additional activities that the LEP undertook during the year, such as Brexit/EU exit preparations and skills activity, which were funded by additional income streams. There now are a large number of core and specific income streams (over 27) that fund the activity of the LEP, as outlined in Table 1. The main variations since the last update to the Board are detailed below.

- 2.13 Local Growth Fund (programme management costs)  
The drawdown from Local Growth Fund to support programme management activity was £0.828m which was lower than forecast. This reduction was due to lower external support activity and a lower recharge from the regional transport team for LGF transport project support. Funding freed up from the reduced drawdown will be available to support activity in future years.
- 2.14 Local Growth Fund Interest  
The annual LGF grant allocation paid by government in full at the beginning of the financial year attracts sizable interest sums which are used to fund the INEE team. The £0.190m interest generated is a further increase of £0.023m on the Revised Estimate due to an improved cash flow position.
- 2.15 Growth Hub  
As noted at section 2.9 the original annual £0.410m Growth Hub allocation was increased by £0.031m to support EU exit readiness activity and income was in line with the revised estimate for the year.
- 2.16 Brexit Intelligence and Business Support  
As regional Cluster Lead, the North East LEP managed additional grant funds totalling £0.282m on behalf of the North East LEP and Tees Valley areas. Of this funding £0.213m was utilised in support of the regional initiatives with £0.069m to be repaid to BEIS as it was unable to be utilised within the strict grant conditions.
- 2.17 Careers Enterprise Company  
£0.292m of grant funding was applied in 2019/20, which was £0.042m greater than the Revised Estimate and a result of meeting additional operational costs from this funding source.
- 2.18 NEIF & EZ Contribution  
As previously agreed by the Board, activity relating to the delivery and management of the Enterprise Zone and North East Investment Fund (NEIF) initiatives is funded via a drawdown from the respective Enterprise Zone Business Rates account and NEIF Repayments' reserve. The drawdown from the EZ reserve to fund costs in 2019/20 amounted to £0.127m and NEIF repayments reserve charge for 2019/20 was £0.232m. The increase in the NEIF drawdown links to fund development and appraisal activity carried out in the final quarter and an update of staff time apportionments. The increase in the income to fund EZ activity reflected additional activity to update income projections for future years and legal and finance work needed to complete EZ funding agreements.
- 2.19 North East Collective Outreach Programme (NECOP)  
£0.100m grant funding was applied in 2019/20, which was £0.042m less than the Revised Estimate and a result of maximising other funding streams.
- 2.20 North East Ambition – Europeans Social Fund and LGF  
The utilisation of the skills-based funding sources into this project have been drawn down to maximise external grant. The lower use of the Local Growth Funding when compared to the original budget will be available to support the projects 2020/21 activity.

### **3. North East LEP Revenue Balances**

- 3.1 Table 2 below shows the North East LEP revenue balance as at 31<sup>st</sup> March 2020. The reserve has increased by £0.018m over the year to £0.603m.

**Table 2 – Revenue Balances**

Budget Area	Opening Balance £000	Movement in 2019/20 £000	Closing Balance £000
LEP Reserve	585	18	603

**4. North East Enterprise Zones**

- 4.1 Round 1 Enterprise Zones are located across four local authority areas; Newcastle, North Tyneside, Northumberland and Sunderland. Business Rates growth generated on these designated sites accrues to the benefit of the North East LEP for a 25-year period, 2019/20 was the seventh year of the Round 1 zones' life.
- 4.2 In April 2017 these were joined by a further ten sites across, Durham, Gateshead, Newcastle, Northumberland, South Tyneside and Sunderland with the International Advanced Manufacturing Park (IAMP) site launched on the 1<sup>st</sup> April 2018 to complete the coverage. With the exception of the IAMP, it is the third year of the round 2 sites life. Ramparts (Northumberland) and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2019/20, as the result of occupation on parts of the sites requiring no capital investment to enable occupation to occur.
- 4.3 Table 3a below provides a summary of the Enterprise Zone account over the last three years and a summary of the position for 2019/20 compared with a budget reported in May 2019. Business Rate Income for 2019/20 and interest amounted to £2.030m and was lower than the budget for the year. Expenditure was also below the budget, and the repayment to funds to the NEIF was adjusted to enable a surplus of £0.140m to deliver a cumulative surplus of £3.020m by the year end, which had been the objective previously reported. Actual Income figures for 2018/19 have been adjusted downwards from the income previously reported to reflect adjustments and changes in income after the year end.

**Table 3a – Enterprise Zone Account**

	Actual 2016/17 £000	Actual 2017/18 £000	Actual 2018/19 £000	Budget 2019/20 £000	Actual 2019/20 £000	Variance £000
<b>Business Rates Income</b>						
<u>Round 1</u>						
- Newcastle – North Bank	614	437	501	457	508	51
- North Tyneside – Swans	165	160	118	198	160	-38
- Northumberland – Blyth sites	173	321	334	336	308	-28
- Sunderland – A19 Corridor	743	708	750	812	752	-60
<u>Round 2</u>						
- Northumberland – Ramparts			40	43	40	-3
- Gateshead – Follingsby				279	242	-37
<b>Total Rates Income</b>	<b>1,695</b>	<b>1,626</b>	<b>1,743</b>	<b>2,125</b>	<b>2,010</b>	<b>-115</b>
Interest	5	11	25	25	20	-5
Grant income		30				
<b>Total Income</b>	<b>1,700</b>	<b>1,667</b>	<b>1,768</b>	<b>2,150</b>	<b>2,030</b>	<b>-120</b>

<b>Expenditure</b>						
-NEIF/LGF Loan repayments	1,306	1,302	1,238	1,274	1,438	164
-Financing Costs (interest)	0	0	235	570	258	-312
-Invest North East contribution	6	148	71	170	66	-104
-Operating Costs	115	112	100	87	128	41
<b>Total Costs</b>	<b>1,427</b>	<b>1,562</b>	<b>1,644</b>	<b>2,101</b>	<b>1,890</b>	<b>-211</b>
<b>Annual Surplus</b>	<b>273</b>	<b>105</b>	<b>124</b>	<b>49</b>	<b>140</b>	<b>91</b>
<b>Cumulative Surplus</b>	<b>2,602</b>	<b>2,707</b>	<b>2,831</b>	<b>2,880</b>	<b>3,020</b>	<b>140</b>

- 4.4 Business Rate Growth Income was slightly lower than expected due mainly to slightly lower levels of business rates on most sites as a result of business rate adjustments or new buildings being occupied slightly later than expected. The income is higher than in 2018/19, due mainly to £0.242m of income being received from a new property on the Follingsby North site.
- 4.5 Revenue operating costs were higher than budgeted due to additional finance and legal activity linked to the more detailed review of income projections in Q1 and Q2 and work related to the completion of EZ funding agreements in Q3 and Q4 prior to the transfer of the accountable body.
- 4.6 Financing costs were lower than expected due mainly to slippage of capital expenditure on several projects into 2020/21. In addition, an updated approach to the calculation of interest on the expenditure that did occur in year also reduced interest payments slightly. The level of repayment of temporary loans from the NEIF of £1.438m has been adjusted to deliver an annual surplus of £0.140m and a cumulative surplus of £3.020m. The level of repayment is higher than the amount anticipated in May 2019 but is less than the repayment that had been due to the NEIF. A cumulative surplus of c £3.020m had been envisaged as part of the revised estimate for the year.
- 4.7 Enterprise Zone Account 2020/21 – 2022/23 Estimates

Information about estimated Business Rate Income is being collected from councils with a view to an update report being presented to the Investment Board and the Full LEP Board in July. The estimates for 2020/21 to 2022/23 that were provided in July 2019 are summarised below alongside the Actual for 2019/20. These estimates will be updated at a future meeting.

**Table 3b Enterprise Zone Account 2020/21 – 2022/23**

	<b>Actual 2019/20 £m</b>	<b>Estimate 2020/21 £m</b>	<b>Estimate 2021/22 £m</b>	<b>Estimate 2022/23 £m</b>
<b>Business Rates Income</b>	<b>2.0</b>	<b>2.4</b>	<b>3.5</b>	<b>7.2</b>
<b>Expenditure</b>				
-Capital Financing Costs	1.7	1.8	3.4	6.8
-Revenue Costs	0.2	0.3	0.2	0.2
<b>Annual Surplus</b>	<b>0.1</b>	<b>0.3</b>	<b>-0.1</b>	<b>0.2</b>
<b>Cumulative Surplus</b>	<b>3.0</b>	<b>3.3</b>	<b>3.2</b>	<b>3.4</b>

- 4.8 At this point a break-even position or a small surplus in 2020/21 appears to be achievable, as the increase in estimated Business Rate Income was relatively small and we expect that three new Buildings on IAMP will be generating business rates next year. Although the Government has given some new COVID 19 business rate relief to some business premises in 2020/21, the loss of rates income should be compensated for by a section 31 Government grant.
- 4.9 In terms of Capital Financing Costs, the first loan for the Northumberland Energy Centre (East Sleekburn) site has been confirmed at an interest rate of 2.84% and this will generate an annuity payment of £589k this year and each year over the life of the Round 1 enterprise zone. This will need to be accommodated within the capital financing cost budget, if necessary, by adjusting the repayment of loans from the NEIF account.
- 4.10 The estimate of Capital Financing costs will also be updated based upon the actual level of capital expenditure in 2019/20 and updated estimates of capital expenditure in 2020/21 and future years.
- 4.11 An important consideration for the medium term and lifetime projection of Income and the Enterprise Zone account Surplus will be the extent to which the anticipated significant increase in Business Rate Income can be delivered from 2022/23 onwards, in order to cover the increasing capital financing costs, as loans are taken out to fund completed capital investment on the EZ sites.
- 4.12 The objective over the next few years is to seek to maintain an annual break- even position or a small surplus. This will provide a sufficient cumulative surplus to enable the LEP Revenue Budget to be supported, or to compensate for a year in which income may not be sufficient to cover growing annual capital financing cost commitments. The estimates for 2020/21 and future years will be updated at the Board in July or September.

## **5. Local Growth Fund and North-East Investment Fund**

- 5.1 The Local Growth Fund programme delivered over £28.06m of activity during 2019/20 across the SEP themes making full use of all LGF grant available for the year and cumulatively. This is very good performance and further details are explained in more detail in the separate report on the LGF Programme.
- 5.2 The NEIF initial £55m allocation was made up of £25m Growing Places and £30m Regional Growth Funding. A number of projects supported through loans are now making repayments and as this is returned the funding is available for reinvestment in new projects and other opportunities. Repayments (including interest) received in the year including the Enterprise Zone transfer totalled £8.622m (£8.016m principal and £0.606m interest).
- 5.3 A further short-term loan advance from the NEIF of up to £0.777m (£0.500m capital and 2 deferred repayments against the first loan of £0.139m) was granted to the Cobalt ICT Broadband Infrastructure scheme, this was repaid in full during the year. This loan to Stellium supported infrastructure costs to link the Data Centre at Cobalt to the broadband infrastructure landing at Seaton Sluice, Northumberland providing a connection from the North East to Esbjerg, Denmark resulting in a high-speed broadband link from the North East to Europe.
- 5.4 A commitment of up to £1.208m approved for the North-East Mining Institute (with £0.859m paid out). In addition, £0.278m was paid out against an approval of £0.293m for the Integra 61 project. The funding for the Mining Institute is to support the restoration and refurbishment of the Mining Institute and the regeneration of its importance as a regional focus for the economic and social development of the NE Region as the Common Room of the Great North.

The aim is to achieve this through engagement with the business community providing education and enrichment for young people, promoting skills and development for the region's workforce and engaging the public with the rich heritage of the building.

- 5.4 Notable loan repayments during the year activity included full repayment of both loans to CUOS Ltd for Stellium Data Centre (Cobalt); full repayment of the loan to The Jesmond; full repayment through clawback (via NTC) of 100% of the funding paid to Kier Property Development Ltd following early termination of the approved project at the Swans EZ site; and repayment of £1.438m of loans made to the Enterprise Zone Account for infrastructure works on EZ sites in Sunderland, Newcastle and North Tyneside. In April we received a substantial repayment of £0.350m in respect of the Loan to the Durham Cricket Club, leaving a small outstanding balance of £0.095m. Durham University commenced the quarterly repayments of its loan in accordance with the repayment schedule following an approved 5-year repayment holiday.
- 5.5 The investment into the Integra 61 scheme will support with the site infrastructure costs to unlock a 204-acre strategic employment and housing site near Bowburn, County Durham, leading to the creation of over 3,600 jobs (and over 1000 construction jobs) and over £160m of follow-on investment on site
- 5.6 At the year-end some £20.3m was available to support new projects. This is envisaged to be used to fund Inwards Investment Activity and to support the proposals for a new Commercial Property Investment Fund, which has been developed during the year and is expected to be presented for approval later this year.
- 5.7 As part of the response to the COVID 19 outbreak, action has been taken to protect the North East Investment Fund as it currently stands, by temporarily suspending receipt of new individual project proposals for business growth based upon the existing investment criteria at this time. With markets particularly unpredictable, limits the ability to complete accurate due diligence on project proposals for business development loans. The availability of NEIF based upon existing investment criteria will cease until review of NEIF operations is completed to determine more appropriate criteria for new economic conditions post COVID.
- 5.8 In addition, to support projects within the programme, opportunity is available to suspend loan repayment for three months to end of June 2020 in line with Government loan deferral schemes. This is being made available upon request and may be extended for a further period on a case by case basis. As an example, The Boiler Shop event space had to close in early March as a result of Government guidance. A request was made to suspend their monthly payments of £11,500 per month, which has been granted to the end of June, when the position will be reviewed to see when the loan repayments may be resumed. The decision on the reprofiling of the repayment of this loan to 2024/25 has also been delayed until there is more clarity about the reopening of the facility; the impact on its financial position of COVID 19; and the potential date for the refinancing of the loan.

## **6 LEP Revenue Budget 2020/21 to 2022/23**

- 6.1 The budget position for 2020/21 was reported to the North East Combined Authority (NECA) as the accountable body for the North East LEP on 4<sup>th</sup> February 2020, and the North East LEP Board on 30<sup>th</sup> January 2020. The proposed budget was approved by both Boards with no issues identified. This report includes latest information about the 2020/21 budget taking account of the outturn for 2019/20 and will be reported to the North of Tyne Combined Authority (NTCA) Cabinet on June 2<sup>nd</sup>, 2020, as the new accountable body for the North East LEP.

- 6.2 Table 4 provides a summary of the three-year revenue budget for the North East LEP showing financial years 2020/21, 2021/22 and 2022/23. The explanatory notes from sections 7 to 8 provide further information.
- 6.3 Over the three years, if no additional income is identified the costs are estimated to exceed the available grant and core contributions income by up to £0.158m in 2020/21; £0.554m in 2021/22 and £0.687m in 2022/23. This deficit is funded from the assumed surplus on the Enterprise Zone account in 2020/21 (contribution of £0.055m), 2021/22 (contribution of £0.500m) and 2022/23 (contribution of £0.500m) as previously agreed by the Board. This enables the potential risk of not securing additional income to be managed.
- 6.4 In November 2014, the Board agreed that Enterprise Zone Business Rates Growth Income (EZ BRGI) surplus of up to £0.500m per annum could be utilised to support the revenue budget if required. To date there has not been a requirement to use this facility and therefore in effect saving £2.0m of potential spend from the EZ account. However, due to anticipated drop in funding and core funding remaining fixed at the same level coupled with the increased salary costs due to pay award commitments it is anticipated that the maximum amount of £0.500m will be required from the EZ BRGI in 2021/22 and a further £0.500m in 2022/23 to maintain a LEP Reserve balance of £0.500m at 31<sup>st</sup> March 2023.
- 6.5 There are active funding bids which if successful will provide additional income and reduce the potential drawdown against the EZ account in both years. Furthermore, an announcement is expected shortly in respect of additional LGF funding (our share of £387m nationally) with the potential to secure continuation of funding for salaries and other operational activity from 2021/22 onwards. Until this funding is confirmed, only a core budget, including budget funding of the ESF is illustrated for 2022/23.
- 6.6 The LEP manages the uncertainty of funding by using fixed term staffing contracts and by being able to reduce other operating costs to reflect the available funding streams; and by the availability of reserves and other funds which it can draw on to support activity, such as the use of the agreed Enterprise Zone contingency contribution, which is illustrated in table 3 above. The opportunity to draw on the EZ reserve, if necessary, helps compensate for the uncertainty of other income streams. In recent years, this contingency has not been called upon as other income streams have been confirmed or new income streams have been identified.

## **7. Adjustments to 2020/21 Original Budget**

- 7.1 The overall budget for 2020/21 presented to the board in January 2020, indicated a £4.909m gross expenditure budget, funded by a range of Government grant income sources; a £0.250m core contribution from the seven local authorities; and interest on revenue balances.
- 7.2 The latest 2020/21 Budget position is showing £5.369m of gross expenditure. The increase in gross expenditure is largely due to additional Growth Hub funding for Covid-19 and Cluster Management (£0.290m and £0.080m respectively) which will require additional capacity to deliver. The staffing budget also includes 5.2% superannuation (£0.140m) this is returned as a contribution from North of Tyne Combined Authority (NTCA) to allow the North East LEP to maintain the benefit of the zero net pension cost it received when the North East Combined Authority was their accountable body.

**Table 4 – Three Year North East LEP Budget 2020/21 – 2022/23**

	Original Budget 2020-21 (Jan 2020)	Revised Budget 2020-21	Indicative 2021-22 Base Budget	Indicative 2022-23 Base Budget
	£'000	£'000	£'000	£'000
Employees	2,624	3,104	2,498	2,567
Premises	190	190	190	190
Communications	252	250	225	200
Transport LGF Monitoring	72	20	0	0
Growth Hub Operational Costs (inc.Brexit increase)	93	74	63	56
Invite (Horizon 2020) Operational Costs	23	60	0	0
Other Operational Costs	626	600	400	400
North East Ambition Operational Costs (ESF)	312	165	165	165
Growth Hub Covid-19	0	210	0	0
Growth Hub Cluster Management	0	80	0	0
LGF High Potential Operational	319	189	0	0
Brexit Policy Work Programme (Strategy & Policy)	110	109	0	0
Energy Programme Operational Costs (Strategy & Policy)	23	23	0	0
Skills Other Operational Costs	0	109	0	0
Inward Investment Contribution	140	140	140	140
Other LGF inc studies	23	0	0	0
Other NEIF and EZ Costs - Legal/Finance Support	102	45	0	0
<b>GROSS EXPENDITURE</b>	<b>4,909</b>	<b>5,369</b>	<b>3,681</b>	<b>3,718</b>
LEP Core & Strategy Grant from DCLG	(500)	(500)	(500)	(500)
Local Authority Match Contributions	(250)	(250)	(250)	(250)
<b>CORE FUNDING</b>	<b>(750)</b>	<b>(750)</b>	<b>(750)</b>	<b>(750)</b>
Local Growth Fund (programme mgmt costs)	(850)	(768)	(454)	(412)
Interest Generated on Funds to fund INEE	(80)	(140)	(140)	(140)
Growth Hub	(410)	(410)	(410)	(410)
Growth Hub Covid-19	0	(290)	0	0
Growth Hub Cluster Management	0	(80)	0	0
Enterprise Adviser grant - CEC	(150)	(239)	0	0
Invite (Horizon 20/20)	(63)	(74)	0	0
ERDF + Digital Catapult + AHSN	(75)	(80)	0	0
NEIF Contribution to cover activity costs *	(125)	(124)	(110)	(110)
EZ Contribution to cover activity costs	(160)	(139)	(110)	(110)
Education Challenge was NECOP	(97)	(144)	0	0
North East Ambition (European Social Fund)	(620)	(618)	(212)	(629)
LGF match North East Ambition (ESF project)	(472)	(389)	(453)	0
EY Foundation (20/21 seed)	(30)	(139)	0	0
DfE	(35)	(12)	0	0
LA Contributions re ESIF Co-ordinator	0	(20)	0	0
LGF High Potential	(336)	(237)	0	0
Brexit Policy Work Programme (Strat & Policy)	(121)	(146)	0	0
Energy Strategy BEIS / TVCA (Strat & Policy)	(15)	(25)	0	0
Energy TVCA RCEF	0	(27)	(13)	0
Energy Programme Misc. Contrib (Innovation/Rural/Offshore -	(44)	(70)	(7)	0
Energy Programme LGF Rev Contrib. (Stratgy & Pol)	(70)	(86)	0	0
BEIS - Local Energy Programme	0	(43)	(34)	0
DfE One Vision	0	(11)	(324)	(358)
Contribution NTCA (Pension)	0	(140)	(100)	(102)
Other Income	(79)	(10)	(10)	(10)
<b>EXTERNAL FUNDING</b>	<b>(3,832)</b>	<b>(4,461)</b>	<b>(2,377)</b>	<b>(2,281)</b>
<b>GROSS INCOME</b>	<b>(4,582)</b>	<b>(5,211)</b>	<b>(3,127)</b>	<b>(3,031)</b>
<b>NET BUDGET</b>	<b>327</b>	<b>158</b>	<b>554</b>	<b>687</b>
<b>Funded by</b>				
Use or (Contribution) LEP Reserves	(18)	(103)		
Enterprise Zone Contribution, if required	(309)	(55)	(500)	(500)
Shortfall requiring Expenditure Savings/Additional Income			(54)	(187)
	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>LEP RESERVE</b>				
BROUGHT FORWARD BALANCE	550	603	500	500
Use or (Contribution) LEP Reserves	(18)	(103)	0	0
<b>CARRY FORWARD BALANCE</b>	<b>532</b>	<b>500</b>	<b>500</b>	<b>500</b>

- 7.3 Employee cost budget has risen from £2.624m to £3.104m. As detailed above in section 7.2, £0.140m of this was attributable to applying 5.2% superannuation cost. Although the 2020/21 base budget, presented to LEP Board in January, included salary costs based on the NTCA TUPE equivalent grades the level of superannuation pension contribution had not yet been confirmed and so was not included. This superannuation cost is fully funded by an income contribution from NTCA, as part of the guaranteed funding for pension costs set out in the accountable body agreement. The other key contributor to the increase in employee expenditure was the extension of key funding streams, such as ESF, providing additional capacity in the Skills Team and allowing fixed term contracts of a number of staff to be extended (approx. £0.300m in total) and additional Growth Hub funding in relation to Covid-19 allowing additional capacity (£0.080m). The employee budget also includes £0.020m for the remuneration package for the new LEP Chair. It should be noted that the Employee budget includes £0.345m relating to 6 vacant posts.
- 7.4 An operational budget of £0.109m is included in the revised estimate to cover the cost of Innovation activity and an Action Researcher in relation to additional funding secured from EY Foundation.
- 7.5 There has been a reduction in North East Ambition Skills operational costs from £0.312m to £0.165m, a decrease of £0.147m. This is as a result of further work being undertaken to refine the grant funding allocation across direct delivery costs associated with the project, and overhead costs reflected in existing corporate budgets.
- 7.6 The budget for the regional transport team for LGF transport project support has reduced from £0.072m to £0.020m in the revised estimate. This is due to the majority of LGF transport schemes having progressed through appraisal and the reduced level of transport staff time spent as a result.
- 7.7 Gross Income has increased to £5.211m from £4.582m (£0.629m). Additional funds have been secured in relation to Growth Hub Covid-19 and Cluster Management (£0.370m in total) and EY Foundation (£0.109m). In addition, the Energy Strategy Team has also secured additional funding from BEIS of £0.043m, and £0.027m in relation to the Rural Community Energy Fund, in addition to securing further contributions from working on projects with NTCA on Offshore Renewable Energy and Gateshead College, totalling £0.023m.
- 7.8 The gross income figure also includes the contribution from NTCA (£0.140m) to fully recover the cost of the superannuation in year.
- 7.9 The Local Growth Fund recharge for programme management activity income has reduced by £0.082m from £0.850m to £0.768m in line with current reduced programme. Funding freed up from the reduced drawdown will be available to support activity in future years.
- 7.10 While the latest budget projection for 2020/21 is indicating a call on the Enterprise Zone surplus of £0.030m this has reduced from £0.309m reflected in the January budget position and this position should reduce further as further funding assumptions are firmed up. The intention will be to manage costs and income to try to avoid using reserves at the year end.

## **8. Budget illustrations in Future Years**

8.1 Indicative budget figures are also shown in Table 4 for the financial years 2021/22 and 2022/23. Inflation of 2% has been built into the estimate of employee costs and where appropriate other expenditure estimates.

### **8.2 Employees**

The Employee expenditure budget shows a reduction in 2021/22 of £0.606m due to the potential for a number of fixed term posts coming to an end in conjunction with the related income sources. The new stream of ESF North East Ambition funding has reduced the impact of this. If further additional funding, such as the expected additional LGF funding, is secured, there is the potential for continued activity and higher employee costs are likely. There is a slight increase in the employee expenditure in 2022/23 (£0.069m) due to increments and pay award assumptions due.

A 2% annual national pay award assumption has been factored into the employee budget for all three financial years, and the national pay award will be implemented which is agreed each year.

The NECA pension fund, enabled the LEP to benefit from a 0% employer superannuation contribution rate which provided a significant budget saving. The change in accountable body status to NTCA, has meant an employer superannuation contribution rate of 5.2% is now applicable, however, in order to maintain the saving benefit to the LEP the NTCA are providing a contribution at the same level to achieve a net budget impact. This was made possible by a transfer of Pension Fund assets from NECA to NTCA within the Tyne and Wear Pension Fund at the end of 2019/20.

A staff turnover allowance of 3% has been factored into the employee budget for all three financial years, which is considered prudent given experience in recent years.

### **8.3 Premises**

The LEP have negotiated a 5-year lease with a 3-year break clause to accommodate a larger office area within St James Gate to support the team. The accommodation costs are fixed until the break in 2022, however, a provision to recover these costs is built into the funding that would be secured for additional activity of people using the accommodation space.

### **8.4 Communications**

The proposed Communications budget for 2020/21 onwards represents a continuation of the budget agreed by the Board at its meeting in March 2017 adjusted for inflation. Key aspects of the budget include development of the communications activity related to delivering the SEP, plus the continuation of essential PR & Media support

### **8.5 Transport LGF Monitoring and Evaluation**

The reduced budget allocation of £20k in 2020/21, and nil in 2021/22, 2022/23 reflects the fact that the majority of the LGF transport schemes have progressed through appraisal.

### **8.6 Growth Hub Operational Costs**

The continuation of £410k Growth Hub funding in 2020/21 has been confirmed and has been indicated that it will continue in future years by central government. The Growth Hub connectors which are funded through this source currently have Fixed Term Contracts which expire in March 2021. Once confirmation is received it is likely to result in extension of these contracts.

### **8.7 Invite (Horizon 2020) Operational Costs**

The Invite budget relates to a three-year Horizon 2020 project ending in 2020/21.

#### 8.8 Other Operating Costs

An on-going corporate delivery budget of £0.320m is required for general LEP running costs for example IT equipment, travel expenses and support services. In addition, the North East LEP led SEP strands including Innovation, Business Growth and Skills have an operational allocation to ensure delivery and that the necessary progress can be obtained. Allocations for LGF finance and legal support provided by the accountable body, Investment Fund (NEIF) support and Enterprise Advisor delivery are also included. Small reductions have been made against some of these budget lines to provide a small budget of £0.030m for operational costs in relation to Sector Leads, Digital, Life Sciences and Energy.

The total budget for 2020/21 to 2022/23 is broken down over the noted areas as follows:

<b>Delivery Area</b>	<b>Budget (£'000)</b>
Corporate / General	320
Innovation	80
Strategic Policy & Economic Analysis	80
Business Support/Access to Finance	20
Skills	20
Sector Leads	30
LGF Legal and Finance Support	50
<b>Operating Costs TOTAL</b>	<b>600</b>

Other operating costs budget line has been reduced in line with reduced activity and funding in 2021/22 and 2022/23.

#### 8.9 Inward Investment Contribution

The agreed allocation of £0.140m per annum is included in the budget for 2020/21 through to 2022/23. This is dependent on the continuation of match funding provided by the seven local authorities. This has been confirmed for 2020/21, however, future funding will need to be considered in line with interest across the seven local authorities and funding available. The continuation of funding has been assumed for the purpose of the 2021/22 and 2022/23 indicative budget illustrations.

#### 8.10 Income

##### 8.11 LEP Core Funding & Strategy Grant

Funding of £0.500m is expected to continue over the medium term although it is only confirmed by Government in the Spring of the calendar year to which it relates. The Local Authority Match Contribution requirement of £0.250m will be provided in equal 1/7<sup>th</sup> shares by the 7 Local Authorities that are members of the North East LEP for 2020/21. It is considered on an annual basis.

##### 8.12 Local Growth Fund (LGF)

As previously agreed by the Board, a 2.5% top-slice of the Local Growth Fund allocation is available to support the delivery of the programme, primarily LEP team staffing costs. Although the LGF programme officially ends in March 2021, by using funding SWAPs, revenue funds will be available in 2021/22 and 2022/23 to support extended activity. As the programme reaches conclusion there has also been a reduction in qualifying expenditure which explains the decrease between years.

The drawdown of the balance of the top-slice budget is profiled to be made as follows:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
LGF Programme Management	768	454	412

The LEP is expecting to receive a share of the £387m additional national LGF grant that was announced in the March National Budget. The amount is not yet confirmed and once announced this should increase the funding available to manage the programme. A £10m additional allocation would enable an extra £250k of income to be made available in 2021/22 to manage the programme.

#### 8.13 Local Growth Fund Interest

As the annual LGF grant allocation is normally paid by government in full at the beginning of the financial year, the cash balances held are able to attract interest (£196k in 2019/20). An estimate for each financial year is included within the budget, based on an assumption of the timing of LGF expenditure. The level of interest generated naturally reduces in line with the reducing LGF grant receipts in future years and also depends on the rate of interest that can be earned on fund balances. BEIS have recently announced that only 2/3 of the grant for 2020/21 will be paid in May, with the balance paid in September. We are seeking the early release of this grant. We will continue to seek to maximise the level of interest earned on cash flow balances and will update the estimate when the budget is reviewed during the year. It is unlikely that £140k of interest can be earned on LGF revenue balances in 2020/21 onwards. To maintain a contribution of interest of £140k per annum, it will be necessary to use interest that would have been earned on other LEP fund balances including interest on NEIF balances as well as LGF grant balances.

#### 8.14 Growth Hub Grant

The continuation of the Growth Hub grant funding has been confirmed for 2020/21 at £0.410m. It is expected to continue at least the same level for the ensuing two years although we await confirmation and exact details.

#### 8.15 Growth HUB Covid-19 and Cluster Management

New funding stream confirmed for 2020/21 only, in respect of Growth Hub Covid-19 and Cluster Management (£0.290m and £0.080m respectively).

#### 8.16 Brexit Policy Work Programme

Two-year work programme from 2019/20, total project cost £0.240m, funded by NTCA (£0.090m), NECA (£0.090m) and LEP own resource. Of the £0.180m external funding into the project, £0.034m incurred in 2019/20, £0.146m carried into 2020/21.

#### 8.17 Careers Enterprise Company (CEC)

An allocation of £295k CEC funding was secured and made available until August 2020, by maximising ESF funding will enable the Enterprise Advisor roles to continue to March 2021 in addition to the creation of Enterprise Co-ordinators positions plus a Careers Hub Facilitator on an FTC basis. The figures included in the budget represent the expected grant drawdown in each of the respective years.

#### 8.18 Energy Strategy Grants

Energy Strategy includes a number of funding streams in 2020/21 to cover salary costs of the Energy Team in addition to operational costs, these include contributions from Tees Valley

Combined Authority Rural Community (TVCA RCEF) £0.027m, and £0.013m in 2021/22, contributions totalling £0.069m from Northumberland County Council, NTCA, and Gateshead college. LGF Energy contribution provides £0.086m and new funding from BEIS Local Energy Fund of £0.043m and £0.034m in 2020/21, 2021/22 respectively.

8.19 Invite (Horizon 2020)

An allocation of €271k euros which equates to approximately £242k was made available until March 2021, with activity beginning in 2017/18.

8.20 ERDF, Digital Catapult and AHSN

Approximately £0.080m of ERDF and Digital Capital funds remain at the beginning of 2020/21 after taking into account the drawdown in 2019/20. AHSN have agreed to provide funding for a Life Sciences specialist until the end of March 2021.

8.21 NEIF / EZ contributions

Relates to support in these areas to cover the cost of the two dedicated programme managers and project appraisal support.

8.22 Education Challenge Funding (Edge, formerly NECOP)

Approximately, £0.034m NECOP funding remains at the beginning of 2020/21, in addition to this there is additional funding from Edge of £0.062m to end of March 2021.

8.23 European Social Fund and LGF North East Ambition match funding

The LEP was successful in securing ESF grant totalling £1,059k (which has subsequently been revised to £1,040k), and is available until March 2021. The budgeted drawdown for 2020/21 is reflected within the budget. As part of this bid a supplementary match contribution of £750k towards the North-East Ambition project from the LGF was made over the same period, which is in addition to the existing LGF programme management contribution. Approximately £0.618m of ESF and £0.389m of LGF North East Ambition remains at the beginning of 2020/21. New ESF/LGF North East funding including an additional DfE One Vision funding totalling £2.350m is anticipated to be confirmed May 2020 this is profiled over 2021/22, 2022/23 and extended through to 2023/24. This funding will pay for the Skills Team in addition to providing a contribution towards fixed corporate overheads.

8.24 Other Income

Local Authorities are also billed for 1/8<sup>th</sup> contribution towards the ESF Co-ordination role.

## 9. Recommendations

9.1 The Board is requested to:

- i. Note the positive budget outturn position for 2019/20.
- ii. Approve the 2020/21 budget and, note the 2021/22 and 2022/23 medium term budget illustrations for the North East LEP.
- iii. Note the potential requirement to drawdown up to £0.5m from the Enterprise Zone account in financial years 2021/22 and 2022/23 in line with a previous LEP Board approval.

## Invest North East England 2019/20 Financial Outturn and 2020/21 Budget

Invest North East England (INEE)	2019/20 Original Budget	2019/20 Actual	2020/21 Original Budget
	£	£	£
<b>Expenditure</b>			
Salaries	160,000	164,112	166,000
Staff training	2,000	0	2,000
Travel Subsistence (Inc.International Travel)	10,000	6,423	9,000
Web, telecoms and computing	10,000	1,999	8,000
Marketing/Comms/Events	100,000	100,793	100,000
Membership Fees	3,000	10,304	3,000
Visit Hospitality costs	10,000	2,791	7,000
Professional Consultancy	20,000	5,363	20,000
Lead generation / representation	110,000	48,862	110,000
Research resource licenses	25,000	18,333	25,000
Propositions refresh	10,000	0	10,000
<b>Total Expenditure</b>	<b>460,000</b>	<b>358,979</b>	<b>460,000</b>
<b>Income</b>			
Local Authority contributions	(140,000)	(140,000)	(140,000)
Private sector contributions to events	(10,000)	(8,500)	(10,000)
North East LEP	(310,000)	(140,000)	(310,000)
Contribution from EZ account		(65,799)	
Key Account Management	0	(4,680)	0
<b>Total Income</b>	<b>(460,000)</b>	<b>(358,979)</b>	<b>(460,000)</b>
Net Expenditure/(Income)	0	0	0

**2019/20 Outturn**

The main area of underspend in 2019/20 was on lead generation. INEE carried out a procurement exercise to engage lead generation consultants. This took longer than expected and the contract did not commence until September 2019.

**2020/21 Budget**

The NECA Leadership Board on 4 February 2020 recommended that the budget for 2020/21 in respect of Invest North East England (INEE) to be set at £460,000, with the contribution of £20,000 per local authority being retained, providing funding of £140,000 which is matched by a £140,000 contribution from the North East LEP. The North East LEP also contribute up to £170,000 from the Enterprise Zones account with a further £10,000 usually sourced from private sector contributions, however this may not be achieved this year due to no attendance at MIPIM UK. The accountable body for INEE transferred from NECA to NTCA as at 1<sup>st</sup> April 2020. The local authority contributions will be payable to NTCA during 2020/21.

Due to the impact on Covid-19, INEE decided to pause its lead generation contract at the end of March as it was not felt that it was appropriate to proactively contact companies about new investment projects during the crisis. It is anticipated that the contract will be re-started towards the end of the summer.

It is anticipated that there will be increased spend on the marketing budget line. This is due to all the marketing materials and website undergoing a significant refresh to reflect recently updated information underpinning the work of the team, and also to focus on new market and sector opportunities as a result of Covid-19.

The anticipated £10,000 private sector contribution will not be achieved this year. This is because this relates to the private sector contributions to the INEE stand at the MIPIM UK property and investment show scheduled for October, which we are not attending this year.

A new income line - the Team will receive £6,000 from DIT to pay for the administration of the Northern Powerhouse DIT Key Account Management Programme which INEE manages on behalf of the Region (this brings in more than £150,000 of income pa to participating local authorities).

## Overview and Scrutiny Committee

13 October 2020

Subject: 2020/21 Quarter 1 Budget Monitor

Report of: Janice Gillespie, Chief Finance Officer

Portfolio: All

### Report Summary

The purpose of this report is to inform the Committee of the 2020/21 Quarter One budget monitoring position.

### Recommendations

The Overview and Scrutiny Committee is recommended to note the report on the 2020/21 Quarter 1 budget monitor position which was submitted and approved by Cabinet on the 28<sup>th</sup> July 2020, please see Appendix 1.

#### 1. Background Information, Proposals and Timetable for Implementation

- 1.1 At its meeting of the 28<sup>th</sup> July 2020 Cabinet members considered the report on the 2020/21 Quarter 1 budget monitor position which was the first monitoring report of the new financial year.
- 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 an indication of the potential position of the Authority as at 31 March 2021.

#### 2. Equalities Statement

The Overview and Scrutiny Committee is mindful of its duty under the Public Sector Equality Duty and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision eliminates discrimination, harassment and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it; and also considers the implications for people from different socio-economic backgrounds/low pay as a protected characteristic. An equalities impact assessment has not been undertaken as there are no direct equalities impact to consider in light of this report.

#### 3. Inclusive Economy Statement

The Overview and Scrutiny Committee is mindful of the NTCA's inclusive economy ambitions and the five characteristics of an inclusive economy: participation; equity; growth; stability and sustainability and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken these fully into account. The NTCA budget monitor reports provide transparency and assurance that public funds allocated

to the region have been used appropriately in line with the Vision of the NTCA.

#### **4. Climate Change Statement**

- 4.1 The Overview and Scrutiny Committee is mindful that the NTCA's and the three constituent Local Authorities have declared a Climate Emergency and when undertaking scrutiny of a particular topic looks to see that any policy/event/decision has taken climate change fully into account. There are no direct considerations in relation to Climate Change arising from these specific finance reports other than reporting on the budget and any anticipated expenditure in relation to Climate Change projects.

#### **5. Consultation and Engagement**

- 5.1 The 2020/21 budget was subject to wide consultation across the North of Tyne Region.

#### **6. Appendices**

Appendix 1 2020/21 Quarter 1 Budget Monitor

#### **7. Background Papers**

Cabinet 28 January 2020, 2021-2024 Budget Report

#### **8. Contact Officers**

Janice Gillespie, Chief Finance Officer, Tel: 0191 6435701

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#### **9. Glossary**

NTCA	North of Tyne Combined Authority
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**NORTH  
OF TYNE**

~~~~~

**COMBINED  
AUTHORITY**

**Cabinet**  
28<sup>th</sup> July 2020

**Subject: 2020/21 Quarter 1 Budget Monitor**  
**Report of: Janice Gillespie, Chief Finance Officer**  
**Portfolio: All**

**Report Summary**

This report is the first quarter monitoring report to Cabinet on the 2020/21 financial position. The report brings together the forecast financial position for both the Corporate, Investment Fund and Adult Education budget and provides an indication of the potential position of the Combined Authority at 31<sup>st</sup> March 2021. It also sets out the potential position on reserves at the year end.

**Recommendations**

The Cabinet is recommended to:

1. note the forecast budget monitoring position for the Combined Authority as set out in paragraphs 1.2, 1.3, 1.4 and 1.5.

**1. Background Information, Proposals and Timetable for Implementation**

**1.1 Summary**

Cabinet approved the 2020/21 budget on 28<sup>th</sup> January 2020. Included in that budget was estimated expenditure across the year for both the Corporate Budget, Investment Fund and the Adult Education Budget.

The budgets were set reflecting the continued development of the Combined Authority and were based on a range of estimates in terms of the establishment of the authority's staffing structure, and the systems required to support the delivery and monitoring of projects and programmes aligned with its vision.

**1.2 Corporate Budget Monitor**

The Corporate Budget for 2020/21 set a zero-net income/expenditure position, continuing set up activities, and remaining recruitment of capacity to deliver the authority's vision.

Table 1 overleaf sets out the forecast outturn position across the key income and expenditure heads as approved by Cabinet. In total there is a forecast net expenditure of £0.075m at the year end. This position reflects the anticipated cost of moving office accommodation to the Lumen.

**Table 1: Q1 Budget Monitoring 2020/21 Corporate Budget**

|                                         | <b>Budget</b>   | <b>Forecast</b> | <b>Variance Over/(Under)</b> |
|-----------------------------------------|-----------------|-----------------|------------------------------|
| <b>Expenditure</b>                      | <b>£'000</b>    | <b>£'000</b>    | <b>£'000</b>                 |
| Staffing                                | 2,400           | 2,266           | (134)                        |
| Advisors External                       | 70              | 70              | 0                            |
| Other costs                             | 540             | 935             | 395                          |
| Transport Levy                          | 27,074          | 27,074          | 0                            |
| SLA's                                   | 403             | 266             | (137)                        |
| <b>Total Expenditure</b>                | <b>30,487</b>   | <b>30,611</b>   | <b>124</b>                   |
|                                         |                 |                 |                              |
| <b>Income</b>                           |                 |                 |                              |
| Contributions from CAs                  | (111)           | (111)           | 0                            |
| Mayoral Capacity Fund                   | (1,000)         | (1,000)         | 0                            |
| Investment Fund                         | (1,400)         | (1,400)         | 0                            |
| Investment Fund workstream funded posts | (207)           | (256)           | (49)                         |
| AEB Implementation Fund                 | (130)           | (130)           | 0                            |
| AEB contribution                        | (396)           | (396)           | 0                            |
| Interest Receivable                     | (170)           | (170)           | 0                            |
| JTC Levy                                | (27,073)        | (27,073)        | 0                            |
| <b>Total Income</b>                     | <b>(30,487)</b> | <b>(30,536)</b> | <b>(49)</b>                  |
| <b>Net (Income)/Expenditure</b>         | <b>0</b>        | <b>75</b>       | <b>75</b>                    |

## Corporate Expenditure Variances

### Staffing

Progress on recruitment has been made in line with the agreed financial plan. There are 41 staff now directly employed, including the Director of Economic Growth and Director of Policy and Performance. The Education Challenge post has also been filled funded from the Business Workstream within the Investment Fund.

Work has been undertaken in relation to workforce planning to explore the capacity of NTCA in the light of increasing numbers of projects and programmes, this will include recruitment, capacity management and retention of a competent, productive and collegiate workforce with the aim of creating a long-term staffing plan.

Staffing estimates reflect a lower rate of employer superannuation rate (5.2%) from introductory rate applied in 2019/20 (25.2%) this is a contributory factor to the underspend on staffing expenditure.

### **Advisors External**

The Advisors External budget in 2020/21 had been reduced from prior years in recognition that a substantial amount of work had been commissioned in 2019/20 as part of establishing pipeline delivery in relation to the Investment Fund and the Adult Education Work (AEB). However, delays in commissioning this work has meant the impact will be reflected in 2020/21, an amount has been earmarked from the 2019/20 underspend position to cover this commitment and will be reflected in the Investment Fund Budget. It is assumed at this early point in the financial year the £0.070m budget will be fully committed by the end of the year.

### **Other Costs**

This category forecasts a significant overspend (£0.395m) against the original budget set, this overspend is largely due to increased costs anticipated as a result of the move to the Lumen (£0.120m). In addition to this, the forecast includes estimated costs in relation to the procurement of a new Management Information System to facilitate effective monitoring and reporting of the Investment Fund and AEB (£0.092m) being the first-year cost. New webpage is also being developed for NTCA (£0.030m).

### **Service Level Agreements**

The Service Level Agreements (SLAs) cover IT, insurance, communications, payroll, governance, audit and HR, the approach to Service Level Agreements (SLA's), is to maintain a cost effective, efficient and collegiate approach. SLAs are currently under review and with the aim to renegotiate those which require adjustment.

### **Joint Transport Committee levies**

These will remain as per budget.

### **Income**

The key sources of income supporting the Corporate expenditure budget is the contribution from the Investment Fund, including supporting posts funded from specific workstreams (£0.256m) within the Investment Fund such as the Digital, Education Challenge and Returnship posts. The first tranche of the Adult Education Budget (£14.000m) has been received in year which again provided a contribution to corporate costs of £0.396m being part year in year 1. In addition to this there is the £0.037m contribution received from each of the three constituent authorities.

Other one-off income streams are £1.000m Mayoral Capacity Fund and £0.130m AEB Implementation Fund. These funding sources are secured. In addition to this is interest on investment income, the Combined Authority has now received its third amount of Devolution funding from MHCLG totaling £60.000m, although some of this has been spent the majority is being invested, in line with the Treasury Management Strategy, with other Local Authorities to earn interest levels over and above what can be achieved with the Debt Management Office. The budget for this has been set at a prudent level of £0.176m (2019/20 achieved £0.226m) due to uncertainty arising from Corvid-19 pandemic.

1.3

### **Investment Fund Budget Monitor**

The Investment Fund Programme continues to grow as projects progress through the pipeline. There have been key funding proposals coming forward for consideration, around innovation and supporting our key sectors. Work continues at pace to operationalise the headline sector

strategies agreed by Cabinet. In addition, there is a step change in the volume of contracts and supporting financial claims as projects and programmes come to fruition.

To date the Combined Authority has achieved:

- A commitment of £27.82m against 34 projects and programmes
- Defrayal of £805,370 expenditure
- These projects will attract £99.51m of private sector leverage and are forecast to deliver 2571 jobs.

In May, Cabinet endorsed proposals for the Rural Design Centre Innovation project, subject to completion of appraisal. £793,654 of NTCA funding has now been approved by Delegated Procedures, which will leverage ERDF and private sector resources. The project will provide innovation support to small and medium enterprises with the objective that they develop 'new to firm' products and services that help to address challenges faced by the rural economy. Over the next three years it will aim to deliver 25 Innovation Challenges, each focussing on a specific rural issue, enabling businesses to work alongside industry and academic experts and turn ideas and concepts into commercially viable solutions. Overall, 150 businesses will benefit from this support and the project will create 36 new jobs.

The North of Tyne Inward Investment Fund is proving successful and to date £3m of the £10m fund (available up to 2023) has been approved in principle

**Table 2 Commitment against Investment Fund Thematic Area**

|                                        | Committed    | Allocation   | % Allocated |
|----------------------------------------|--------------|--------------|-------------|
|                                        | £m           | £m           |             |
| Business                               | 12.06        | 38.00        | 32%         |
| People                                 | 7.23         | 16.30        | 44%         |
| Place                                  | 2.22         | 13.70        | 16%         |
| Major Strategic Economic Opportunities | 5.19         | 17.50        | 30%         |
| Business Case Development Fund         | 1.14         | 4.50         | 25%         |
|                                        | <b>27.84</b> | <b>90.00</b> | <b>31%</b>  |

The COVID19 pandemic continues to have an impact on delivery across the programme, however the Combined Authority is working closely with project sponsors to provide additional support which enables the development of alternative delivery methods where appropriate. An example of this is our STEM and Digital programme where the NTCA funded organisations are working together, sharing knowledge and skills to develop an online offer which school children across the North of Tyne authorities can access (£0.678m).

**Table 3 Budget Monitoring Investment Fund**

| Investment Fund                                    | Budget 2020/21  | Forecast 2020/21 | Variance     |
|----------------------------------------------------|-----------------|------------------|--------------|
|                                                    | Budget          | Forecast         | Variance     |
| <b>Expenditure</b>                                 | <b>£'000</b>    | <b>£'000</b>     | <b>£'000</b> |
| Work streams                                       | 13,773          | 13,773           | 0            |
| Technical Support                                  | 250             | 450              | 200          |
| Contribution to Corporate Costs                    | 1,400           | 1,400            | 0            |
| <b>Total Expenditure</b>                           | <b>15,423</b>   | <b>15,623</b>    | <b>200</b>   |
| <b>Income</b>                                      |                 |                  |              |
| Investment fund                                    | (20,000)        | (20,000)         | 0            |
| <b>Total Income</b>                                | <b>(20,000)</b> | <b>(20,000)</b>  | <b>0</b>     |
|                                                    |                 |                  |              |
| <b>Net (Income)/Expenditure</b>                    | <b>(4,577)</b>  | <b>(4,377)</b>   | <b>200</b>   |
| <b>Investment Reserve brought forward</b>          | <b>(36,840)</b> | <b>(36,840)</b>  | <b>0</b>     |
| <b>Net Investment Fund Reserve carried forward</b> | <b>(41,417)</b> | <b>(41,217)</b>  | <b>0</b>     |

Table 3 above shows the overall forecast for 2020/21 for the Investment Fund, there is a real step change in volume of contracts and support of financial claims as projects come to fruition. The forecast position reflects the drawdown of £0.200m against the Technical Support budget which was allocated to commissioned sector commissioning work from 2019/20 outturn surplus position. This is reflected as being net off the Investment Fund Reserve as it is used in year.

1.4

### Adult Education Budget Monitor

As part of the devolution deal the Combined Authority is progressing the devolution of the Adult Education budget. The devolution of AEB will give the Combined Authority significant new powers and responsibilities in delivering both their mayoral priorities and the national skills agenda and priorities. The statutory order to devolve the AEB to NTCA has now been made with the AEB transferred to NTCA for the academic year 2020-21 onwards.

AEB costs are collected within the Corporate budget with a contribution of 3% of overall AEB income made towards Corporate support costs (£0.396m part-year 2020/21).

Table 4 below reflects a high-level balanced Budget with all funding to be awarded to grant providers and other procured deliveries. The expected split between grant and procured service is also detailed, based on historic delivery.

**Table 4: Adult Education Budget 2020-21 – 2023-2024**

|                                         | 4 Year Adult Education Budget Summary |                 |                 |                 |                 |
|-----------------------------------------|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                         | 2020-21                               | 2021-22         | 2022-23         | 2023-24         | Total           |
|                                         | £'000                                 | £'000           | £'000           | £'000           | £'000           |
| <b>Expenditure</b>                      |                                       |                 |                 |                 |                 |
| Grant Awards                            | 8,014                                 | 15,369          | 15,369          | 15,369          | 55,072          |
| Procured Services                       | 4,869                                 | 6,659           | 6,659           | 6,659           | 23,861          |
| Corporate Contribution                  | 396                                   | 678             | 678             | 678             | 2,430           |
| <b>Total Expenditure</b>                | <b>13,279</b>                         | <b>22,706</b>   | <b>22,706</b>   | <b>22,706</b>   | <b>81,363</b>   |
|                                         |                                       |                 |                 |                 |                 |
| <b>Income</b>                           |                                       |                 |                 |                 |                 |
| <b>Funding Sources and Total Income</b> | <b>(13,245)</b>                       | <b>(22,706)</b> | <b>(22,706)</b> | <b>(22,706)</b> | <b>(81,363)</b> |
|                                         |                                       |                 |                 |                 |                 |
| <b>Net Position (Inc)/Exp</b>           | <b>0</b>                              | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |

#### Grant Awards

Ten providers located in the North of Tyne boundary and deliver significant volume of provision to North of Tyne residents and who are currently grant funded by the Education and Skills Funding Agency (ESFA) will continue to be funded. A total of £15,505,134 has been allocated to these 10 providers.

#### Contract for Services

1.5 In December 2019 a procurement exercise was undertaken to enable all adult education providers to bid for a Contract for Service with NTCA. Following an appraisal process a total of £5,886,093 was allocated to 22 Contract for Services

Future budget monitor reports will continue to report commitment against the AEB devolved budget as progress is made.

#### Reserves

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 5 below.

**Table 5 Movement in Reserves**

| <b>Reserves Statement</b>               | <b>Opening Balance<br/>1 April<br/>2020</b> | <b>Transfer<br/>In/(Out)<br/>during<br/>2020/21</b> | <b>Closing<br/>Balance<br/>31 March<br/>2021</b> |
|-----------------------------------------|---------------------------------------------|-----------------------------------------------------|--------------------------------------------------|
|                                         | <b>£'000</b>                                | <b>£'000</b>                                        | <b>£'000</b>                                     |
| Homeless Veteran Grant Reserve          | 91                                          | 91                                                  | -                                                |
| Preparing to Exit Europe Grant          | 272                                         | 91                                                  | 181                                              |
| Business Rates Pilot 2019/20            | 4,909                                       | 4,909                                               | -                                                |
| Strategic Reserve                       | 200                                         | -                                                   | 200                                              |
| Investment Fund Reserves                | 36,840                                      | 15,623                                              | 21,217                                           |
| <b>Total General (Useable) Reserves</b> | <b>42,312</b>                               | <b>20,803</b>                                       | <b>21,509</b>                                    |

The Homeless Veteran Grant was received in 2018/19, since then the three constituent authorities have been determining the appropriate use of the grant, however, the project has not had any movement since the start of the year owing to Covid-19 work on homelessness by the three constituent authorities. It is anticipated however, that this grant will be drawn down during 2020/21.

Cabinet are aware that late in 2018/19 the Combined 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 a recommended approach. Officer have worked with the LEP and have committed £0.091m to support additional capacity to support delivery of a Brexit work programme over the North of Tyne and North East Combined Authority area. An additional £0.181m grant was awarded in 2019/20 in respect of preparations for the exit from the European Union, no commitments have been identified against this award and therefore the monies have been transferred into reserves.

A new earmarked reserve has been set up of (£4.909m) in relation to the Business Rates Pilot undertaken in 2019-20, this includes Business Rates Pool monies from the three constituent authorities, figures in relation to this will be finalised post audit in July 2020 and proposals will be brought forward to Cabinet in due course.

## **2. Potential Impact on Objectives**

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

## **3. Key Risks**

- 3.1 As highlighted in the report there is a key risk to programme delivery to the Investment programme as a result of Corvid-19, the mitigations for this is detailed in the report and also reported through the Investment Fund update report to Cabinet. No other risks identified at this time.

#### 4. Financial and Other Resources Implications

4.1 This is a financial report with any financial or resource implications set out in the report.

#### 5. Legal Implications

5.1 The Combined Authority has a legal obligation under the Local Government Act 2003 to have regard to the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice; the Chartered Institute of Public Finance and Accountancy's Prudential Code: Capital Finance in Local Authorities and the Ministry of Housing, Communities and Local Government (MHCLG) Statutory Guidance on Local Government Investments.

#### 6. Equalities Implications

6.1 There are no direct equalities implications arising out of the recommendations in this report.

#### 7. Inclusive Economy Implications

7.1 There are no direct inclusive economy implications arising out of the recommendations in this report.

#### 8. Climate Change Implications

8.1 There are no direct climate change implications arising out of the recommendations in this report.

#### 9. Consultation/Engagement

9.1 The Treasury Management Policy and Strategy was included with the 2019/20 Budget which was subject to consultation with NCTA constituent authorities, NCTA Cabinet in addition to key officer groups. The 2019/20 Budget is based on the devolution deal and the Parliamentary Order which created the Combined Authority and the Combined Authority's Vision which has been agreed by Cabinet and is being shared with stakeholders in a range of events.

#### 10. Appendices

10.1 None

#### 11. Background Papers

11.1 January 28, 2020 – 2024 Budget Report

#### 12. Contact Officers

12.1 Janice Gillespie, Chief Finance Officer,  
[Janice.gillespie@northoftyne-ca.gov.uk](mailto:Janice.gillespie@northoftyne-ca.gov.uk) 0191 643 5701

#### 13. Sign-off

|                                      |                        |                                  |                            |                                    |
|--------------------------------------|------------------------|----------------------------------|----------------------------|------------------------------------|
| 1) Mayor and Portfolio holder<br>Yes | 2) Director/SMT<br>Yes | 3) Chief Finance Officer:<br>Yes | 4) Monitoring Officer: Yes | 5) Head of Paid Service:<br>Yes/No |
|--------------------------------------|------------------------|----------------------------------|----------------------------|------------------------------------|