

# Draft Narrative Report year ended 31 March 2021



# Narrative Statement

## Introduction

The Narrative Report provides information about the North of Tyne Combined Authority (NTCA) and includes the key issues affecting the Combined Authority and its accounts. This report provides an explanatory narrative to key elements of the statements and sections in the accounts and also provides a summary of the Authority's financial performance for 2020/21 and its future financial prospects.

The report provides the reader with:

- A guide to the different financial statements within the Statement of Accounts.
- An overview of the activities and significant matters which have occurred during the year.
- A summary of the Combined Authority's financial performance during the year ending 31 March 2021.
- A look ahead to 2021/22 and beyond.
- Confidence in the Combined Authority's stewardship of public money and that it has been accounted for in an appropriate manner.

The Statement of Accounts contains all the financial statements and disclosure notes required by statute, prepared in accordance with the proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts give a true and fair view of the financial position of the Combined Authority. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.

The accounts feature four main financial statements:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cashflow Statement

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

The purpose of this Annual Financial Report is to collectively provide a comprehensive view of the Combined Authority's financial position during the period to which they relate, including the financial position of the North East Local Enterprise Partnership (North East LEP) and Invest North East England (INEE) which the North of Tyne Combined Authority became the accountable body for 1 April 2020, together with details of the non-financial performance of the Authority during 2020/21. The format of the accounts reflect the impact of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) which changed the boundaries of the former North East Combined Authority (NECA) on the 2 November 2018 and established the North of Tyne Combined Authority (NTCA) as well as the North East Joint Transport Committee.

The report enables readers to focus on the key elements of the Statement of Accounts and contains the following sections:

- Annual Governance Statement.
- About North of Tyne Combined Authority.
- Key Facts about Governance Arrangements.
- Financial Performance of the Combined Authority 2020/21 including the North East LEP (North East LEP) and Invest North East England (INEE).
- Non-Financial Performance of the Combined Authority 2020/21.
- Key Priorities and upcoming Milestones
- Significant Issues for 2021/22 and beyond.
- Explanation of Accounting Statements included within the Statement of Accounts.
- Implementation of the Devolution Order.
- Joint Transport Committee.

## **Annual Governance Statement**

The Combined Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Further information is available in the Annual Governance Statement which was presented to the Audit and Standards Committee on 20 July 2021. The Statement explains how the Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Statement can be found on the Authority's website:

[20-July-2021-Audit-Standards-Agenda-Pack](#)

## About North of Tyne Combined Authority (NTCA)

NTCA was established to give effect to a 'minded to' devolution deal which was agreed between the three councils, the North East LEP and central government. At the same time the North of Tyne Combined Authority was established, the North East Joint Transport Committee (JTC) was created, which continues to exercise the Transport functions. The JTC brings together members from both NTCA and NECA, to allow effective decision making across the region and to ensure that the local needs and transport priorities are delivered. NECA has retained the Accountable Body role for Transport on behalf of the North East Joint Transport Committee. NTCA became the Accountable Body for the North East LEP as of 1 April 2020.

A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area that outlines a framework for collaborative working across the region.

The devolution deal represents a significant shift of powers, funding, and responsibility from central government to the local level. The deal enables the three councils to pursue, through NTCA, a shared ambition for an inclusive economy. NTCA does not replace the three constituent councils, nor does it take away any of their statutory powers.

## Key facts about North of Tyne Combined Authority

- North of Tyne describes the area covered by North Tyneside, Newcastle, and Northumberland.
- It begins with the southernmost parts of Northumberland which border Gateshead and then County Durham along the River Derwent. Heading along the Tyne Valley, the border with Cumbria forms the western boundary up to the Scottish Border. The Scottish Border forms the northern boundary with Berwick-upon-Tweed on the east coast being the most northerly town. The North Sea along the Northumberland and North Tyneside coastline forms the eastern boundary. Newcastle upon Tyne is the only city within the boundaries.
- The area has a population of 833,200, a local economy of £18.863m, over 374,000 jobs and it is home to 24,950 businesses.
- The North of Tyne is filled with stunning natural landscapes, great people and has a strong track record of creating jobs and supporting world-leading businesses.
- The bulk of expenditure is funded through devolved funding secured through the devolution deal, in conjunction with contributions from the three constituent authorities.

## Key Facts about Governance Arrangements

NTCA is a mayoral combined authority. It has a range of functions some of which are identified as being Mayoral Functions. Decisions on these functions must be made by the Mayor. Decisions on all other functions must be taken by the Mayor and representatives of the constituent councils acting together as the Cabinet. All details of Governance arrangements pertaining to NTCA can be found within our Constitution which is available on North of Tyne Combined Authority website: [NorthofTyne](http://NorthofTyne)

## NTCA Order and Constitution

The first mayoral election was held on 2 May 2019. Jamie Driscoll was elected as the Mayor for the North of Tyne Combined Authority. The Elected Mayor chairs the Cabinet and has a number of specific powers and financial resources. Decisions by the Elected Mayor and/or Cabinet will be subject to scrutiny by the Overview and Scrutiny Committee.

## Management Structure

Chief Officers of NTCA consist of, the Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer. These officers are employees from the three local authorities within the North of Tyne. Two other designated posts, Director of Policy & Performance and Director of Economic Growth were appointed to during 2019/20.

The Combined Authority has grown to 48 employees during 2020/21 with support services being provided under Service Level Agreements with the three constituent North of Tyne authorities.

The North of Tyne Combined Authority (NTCA) was established on the 2 November 2018 as a new legal body led by an Elected Mayor. The new North of Tyne Combined Authority will manage a range of powers on housing, transport, infrastructure, skills, and employment. Decisions will be made locally to benefit our local economy and the people who live, work, study and visit here.

## North of Tyne Vision and Purpose

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

NTCA work in partnership, to create connections between programmes and their projects and are inclusive. Devolution has given the NTCA chance to make their own decisions about their own future targeting investment where it is needed most, making a strong connection between economic growth and providing people with the skills, education and confidence to benefit from the opportunities that follow.

## NORTH OF TYNE, A SNAPSHOT



The economic impact of Covid continues to be felt by citizens, businesses and places:



The North of Tyne has specific challenges which will shape the nature of recovery and Levelling Up:



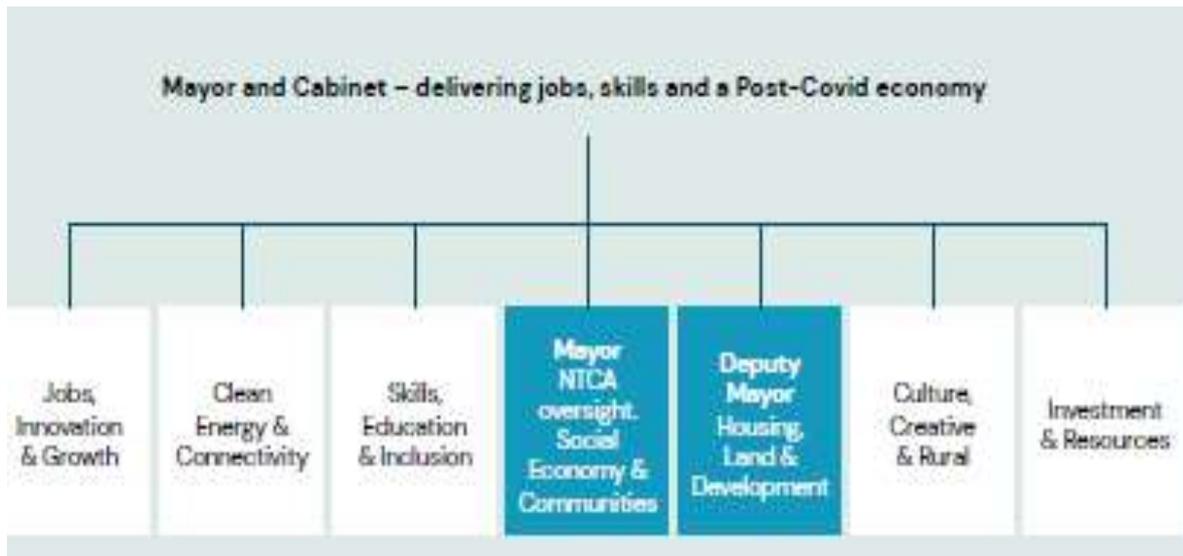
### BUT...

We are confident about our recovery. The basis for us to pivot towards a sustainable and inclusive future economy is here:



## Delivering together...

NTCA are addressing the regional challenges, outlined above, through a bold programme of investment and reform – which is designed, delivered, and governed through collaboration. NTCA Cabinet has overseen rapid progress through the first year of operation, and works together to ensure that we deliver the biggest social, economic and climate return possible.

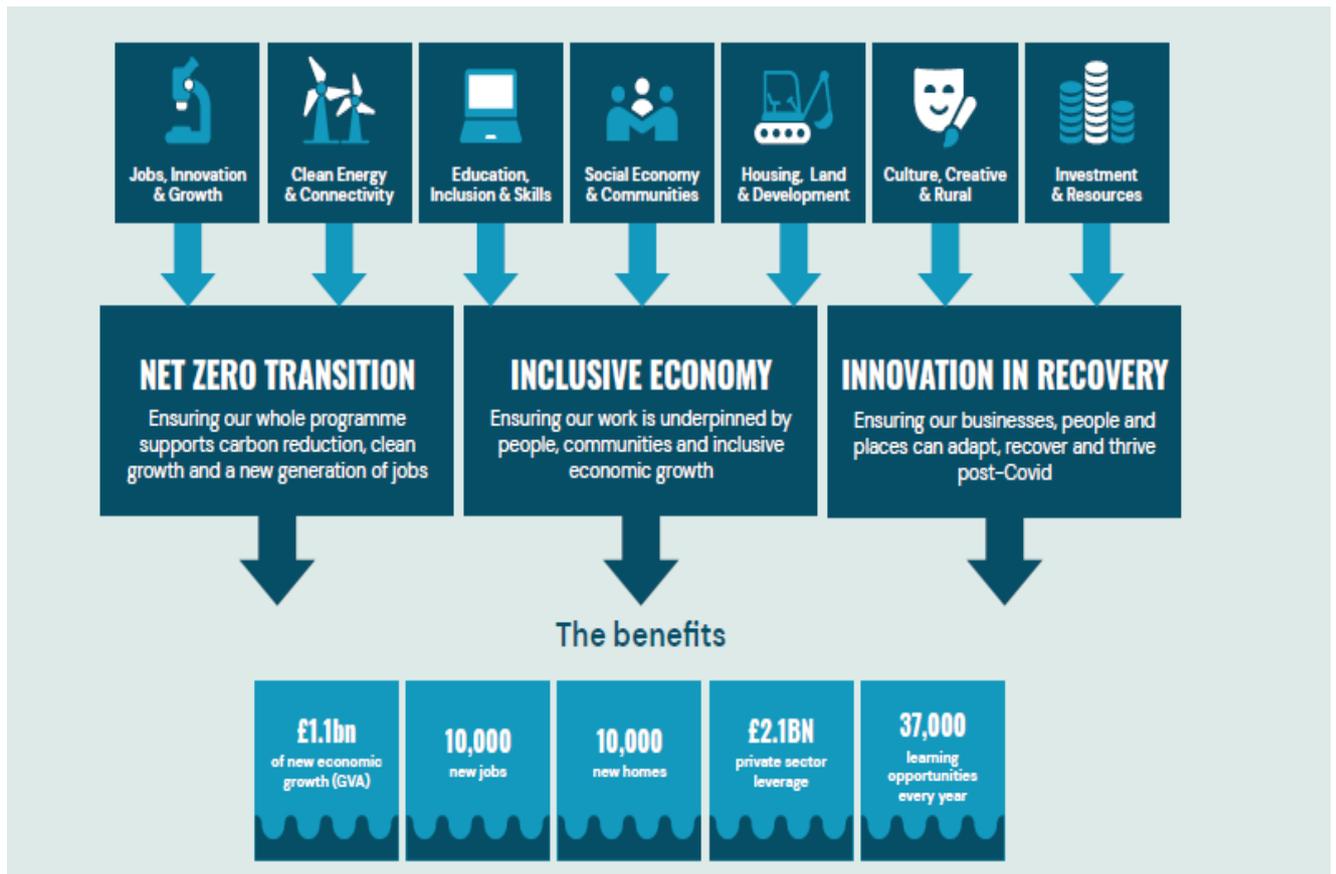


Cabinet Members lead specific portfolios and give collective strategic direction and oversight of NTCA work. This also ensures that local priorities are reflected, and that the connection is maximised between our urban, rural, and coastal geographies and our unique local assets and strengths.

The Mayor chairs the Cabinet, provides oversight of the programme, and plays a key role engaging with citizens, businesses, voluntary sector partners and with Government. All are supported by an executive team built on close partnership between NTCA and constituent Local Authority officers.

## Cross-cutting Themes

NTCA portfolios are underpinned by three cross-cutting priorities, which underpin everything the Combined Authority do. They are net zero, an inclusive economy and innovation in recovery. Together these portfolios and priorities form the NTCA strategic plan.



## Funding, Investment and Resources

The foundation of NTCA investment is a £600m fully devolved investment fund, which delivers £20m per year over a thirty-year period. The purpose of the fund is to support accelerated, inclusive growth which creates new jobs and skills opportunities, which helps build the foundation for long term, sustainable growth in the region.

The NTCA Investment Fund is augmented by new funding streams worth almost £700m which have been secured since the original Deal, including the Adult Education Budget, Brownfield Housing Fund and ERDF Growth Funds.

The North of Tyne Cabinet agreed a headline Investment Plan in April 2019 which set out ambitions for delivery across a five-year period utilising the first £100m of Investment funds. This plan covers 'business', 'people' and 'place' elements as well as providing flexibility for NTCA to pursue strategic opportunities as they arise. A small proportion is used to enable the Combined Authority to realise and effectively manage project delivery.

Over £70 million of this initial tranche has been allocated, with a significant proportion (over £62m) formally, and contractually committed into tangible project delivery.

## Headline Targets

The devolution deal committed to adding an additional £1.1bn Gross Valued Added (GVA) to the economy, delivering 10,000 new jobs and leveraging over £2.1bn in private sector investment. This is a 'job a day' through the lifetime of the deal with every £1 invested generating a further minimum of £3.50 of private sector investment.

NTCA are on track to meet and exceed these targets, with over 4,000 projected new jobs already in the pipeline which we will work hard to turn into real, sustainable careers for our citizens.

## Financial Performance of the Combined Authority 2020/21

The financial position of the NTCA at 31 March 2021 is shown in Table 1 below:

**Table 1: 2020/21 Budget Outturn**

<b>Summary Outturn 2020/21</b>	<b>Budget 2020/21</b>	<b>Outturn 2020/21</b>	<b>Variance</b>
	£m	£m	£m
Investment Fund Budget	(15.423)	7.488	(7.935)
Corporate Budget	0	(0.599)	(0.599)
<b>Total</b>	<b>(15.423)</b>	<b>6.889</b>	<b>(8.534)</b>

### Corporate Budget Outturn

A more detailed outturn for 2020/21 Corporate Budget is set out below in Table 2 overleaf:

**Table 2: Corporate Budget Outturn**

<b>Corporate Budget 2020/21</b>	<b>2020/21 Budget</b>	<b>2020/21 Outturn</b>	<b>Variance</b>
<b>Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Staffing/Secondments	2.401	2.210	(0.191)
Advisors External	0.070	0.094	0.024
Other Expenditure	0.539	0.583	0.044
SLA with Constituent Authorities	0.403	0.298	(0.105)
Use of Reserves BR Pilot/EU Exit/Veterans	0	5.057	5.057
JTC Levy	27.074	27.074	0
<b>Gross Expenditure</b>	<b>30.487</b>	<b>35.316</b>	<b>4.829</b>
<b>Income</b>			
Investment Fund (IF) Contribution	(1.400)	(1.400)	0
Mayoral Capacity Fund	(0.750)	(1.000)	(0.250)
Adult Education Budget Contribution	(0.526)	(0.541)	(0.015)
Contributions from Constituent Authorities	(0.111)	(0.111)	0
Programme support costs recovered from IF	(0.451)	(0.315)	0.136
Brownfield Housing Programme Costs	0	(0.194)	(0.194)
Use of Reserves	0	(5.057)	(5.057)
Investment Interest Receivable	(0.175)	(0.373)	(0.198)
JTC Levy	(27.074)	(27.074)	0
<b>Gross Income</b>	<b>(30.487)</b>	<b>(36.065)</b>	<b>(5.578)</b>
<b>Net Income/Expenditure</b>	<b>0</b>	<b>(0.749)</b>	<b>(0.749)</b>
C/F Sector Commissioning underspend	0	0.150	0.150
<b>Transfer to Investment Fund Reserve</b>	<b>0</b>	<b>0.599</b>	<b>0.599</b>
<b>2020/21 Outturn</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Investment Fund Outturn

Table 3 overleaf sets out the detailed outturn against the budget for the Investment Fund:

**Table 3 2020/21 Investment Fund Budget Outturn**

	2020/21 Budget	2020/21 Outturn	2020/21 Variance
	£m	£m	£m
<b>Expenditure</b>			
Business Case Development Fund	1.023	0.244	(0.779)
Workstreams	12.750	5.466	(7.284)
Technical Support	0.250	0.140	(0.110)
Corporate Contribution	1.400	1.400	0.000
Corporate resource recharges		0.238	0.238
<b>Total Expenditure</b>	<b>15.423</b>	<b>7.488</b>	<b>(7.935)</b>
<b>Income</b>			
Total Income	(20.000)	(20.000)	0.000
Net position (Income)/Expenditure	(4.577)	(12.512)	(7.935)
Transfer to Investment Fund Reserve	4.577	12.512	7.935
<b>Net Outturn Position</b>	<b>0</b>	<b>0</b>	<b>0</b>

In totality the Investment Fund has committed £62.380m against 66 projects with a forecast to deliver 4,193 jobs.

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

	Committed	Allocation	% Allocated
	£m	£m	
Business	37.2	45.30	82.12%
People	9.49	17.30	54.86%
Place	6.59	13.25	49.74%
Major Strategic Economic Opportunities	7.15	9.65	74.09%
Business Case Development Fund	1.95	4.50	43.33%
	<b>62.38</b>	<b>90.00</b>	<b>69.31%</b>

Delivery against the Investment Fund Programme has been delayed in part due to the impact of the 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.

## Brownfield Housing Fund

NTCA secured £23.850m from Government's £400m national Brownfield Housing Fund during 2020/21. The Brownfield Housing Fund is the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least 1,500 new homes, by remediating and revitalising brownfield sites across the North of Tyne area.

**Table 5 Brownfield Housing Funding Profile updated for Year 1 underspend**

	Total	Year 1	Year 2	Year 3	Year 4	Year 5
	£m	£m	£m	£m	£m	£m
<b>Funding Profile</b>	24.000	5.000	8.100	6.700	3.100	1.100
<b>Funding Profile with underspend carried forward to year 2</b>	23.854	0.585	12.368	6.700	3.100	1.100
<b>Projected Programme Spend</b>	<b>26.184</b>	<b>0.585</b>	<b>11.693</b>	<b>6.925</b>	<b>6.687</b>	<b>0.293</b>

## Adult Education Budget (AEB)

In August 2020 the NTCA took control of a £23.145m Adult Education Budget (AEB) for the academic year 2020/21, secured as part of the devolution deal. With Cabinet approval the devolved AEB was allocated to 29 education providers across 10 Grant Agreements and 21 Contracts for Services (via the establishment of a procurement framework).

**Table 6 Adult Education Budget 2020/21 Outturn**

	Academic Year August to March 2021		
	Budget 2020/21	Actual 2020/21	Variance 2020/21
<b>AEB Outturn 2020/21</b>			
<b>Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Grant Awards	8.965	9.282	0.317
Procured Services	3.884	3.729	(0.155)
High Value Courses	0.000	0.137	0.137
Swaps	0.000	0.013	0.013
Corporate Contribution	0.396	0.425	0.029
<b>Total Expenditure</b>	<b>13.245</b>	<b>13.586</b>	<b>0.341</b>
<b>Income</b>			
Funding Sources	(13.245)	(13.586)	(0.341)
<b>Net position (Income)/Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Reserves Statement

Reserves held at 31 March 2021 are set out in Table 7 below:

**Table 7 Reserves as at 31 March 2021**

Reserves Statement	2019/20	Movement in Reserve	2020/21
	£m	£m	£m
Homeless Veteran Grant Reserve	0.091	(0.091)	0
Preparing to Exit Europe Grant	0.272	(0.090)	0.182
Business Rates Pilot 2019/20	4.909	(4.909)	0
Strategic Reserve	0.200	0	0.200
Investment Fund Reserve	36.839	13.111	49.950
<b>Total General (Usable) Reserves</b>	<b>42.311</b>	<b>8.021</b>	<b>50.332</b>

Usable Reserves have increased by £8.021m to £50.332m. The movement is due to the drawdown of the Business Rates Pilot Reserve to be paid back out to the three Constituent Authorities to provide support in relation to Covid-19 (£4.909m). The Homeless Veteran Grant (£0.091m) was drawn down and paid out in equal amounts to the three Constituent Authorities for specific delivery in line with grant objectives. Preparing to Exit Europe Grant of (£0.090m) was drawn down and paid over to the North East LEP for delivery in relation to Brexit.

## Borrowing Facilities

Section 3 of the Local Government Act 2003 requires the Combined Authority to determine its own affordable borrowing requirement necessary to fund capital expenditure. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent, and sustainable and that treasury management decisions are taken in accordance with good professional practice.

## North East Local Enterprise Partnership (NE LEP)

NTCA became the accountable body for the NE LEP on the 1 April 2020 and these accounts include details of its income and expenditure. The NE LEP brings together business leaders, universities, and the Leaders and Elected Mayor of the seven local authorities in the North East LEP area. It is the fourth largest LEP in the country and covers the seven local authorities in the North East area. It is responsible for promoting and developing economic growth in the area and works together with NTCA to ensure there is coordination across a range of activities. The North East LEP core budget covers operational activity and also management of the Local Growth Fund (LGF) programme and the new Getting Building Fund (GBF) other activities undertaken by the LEP and funded by additional income. Table 8 below provides a summary of actual spend against the revised budget for the year.

Narrative Statement

**Table 8 2020/21 LEP Outturn Position**

	2020/21		
	Revised Budget 2020/21	Outturn 2020/21	Variance
	£'000	£'000	£'000
Employees	3,240	2,981	(259)
Premises	207	213	6
Communications	250	261	11
Transport LGF Monitoring	26	25	(1)
Growth Hub Operational Costs	74	73	(1)
Invite (Horizon 2020) Operational Costs	72	72	0
Innovation Challenge - Covid	464	151	(313)
Other Operational Costs	636	365	(271)
North East Ambition Operational Costs (ESF)	144	132	(12)
North East Ambition Operational Costs (LGF)	0	302	302
Growth Hub Covid-19 & Cluster Management	309	281	(28)
Peer Networks	510	253	(257)
Covid Intelligence	40	45	5
LGF High Potential Operational	164	148	(16)
EU Transition Advisory Resource & Business Engagement		89	89
Brexit Policy Work Programme (Strategy & Policy)	73	41	(32)
Mine Energy White Paper	45	45	(0)
Energy LGF	23	23	0
Feasibility Study (AHSN + LGF)	33	33	0
Skills Other Operational Costs (EY)(L6040)	136	12	(124)
CEC operational (L6030)	65	65	0
CITE Primary (L6045)	69	50	(19)
DfE	52	14	(38)
DfE One Vision	42	57	16
Inward Investment Contribution	140	140	0
EZ NEIF Costs		126	126
LGF Project Management	78	173	95
Getting Building Fund Project Management	205	177	(29)
<b>GROSS EXPENDITURE</b>	<b>7,097</b>	<b>6,345</b>	<b>(752)</b>
LEP Core & Strategy Grant from DCLG	(500)	(500)	0
GBF Capacity Funding	(100)	(100)	0
Local Authority Match Contributions	(250)	(250)	0
<b>CORE FUNDING</b>	<b>(850)</b>	<b>(850)</b>	<b>0</b>
Local Growth Fund (programme mgmt costs)	(747)	(769)	(22)
Getting Building Fund	(357)	(296)	61
Interest Generated on Funds	(140)	(191)	(51)
Growth Hub	(410)	(410)	0
Growth Hub Covid-19/Cluster Management	(370)	(312)	58
Peer Networks	(510)	(273)	237
Enterprise Adviser grant - CEC	(279)	(302)	(23)
Enterprise Adviser grant - CEC (Non-salary)	(255)	(65)	190
CITE Primary	(70)	(50)	20
Invite (Horizon 20/20)	(74)	(86)	(12)
Innovation Challenge Covid	(464)	(151)	313
Innovation Development funding (LGF)	(79)	(79)	0
ERDF + Digital Catapult	(36)	(30)	6
Academic Health Science Network (AHSN)	(45)	(40)	4
Feasibility Study	(33)	(33)	(0)
NEIF Contribution to cover activity costs	(124)	(173)	(49)
EZ Contribution to cover activity costs	(139)	(169)	(30)
Education Challenge	(144)	(29)	115
European Social Fund North East Ambition	(547)	(726)	(179)
LGF match North East Ambition (ESF project)	(314)	(302)	12
EY Foundation	(166)	(12)	153
DfE	(87)	(25)	62
LA Contributions re ESIF Co-ordinator	(20)	(18)	2
LGF High Potential	(211)	(189)	22
EU Transition Advisory Resource and Engagement		(25)	(25)
EU Transition Business Engagement		(84)	(84)
Brexit Policy Work Programme	(146)	(99)	47
Energy Strategy BEIS / TVCA, RCEF, OREC	(322)	(264)	58
DFE - One Vision		(130)	(130)
Contribution Pension - NTCA	(147)	(129)	18
Other Income	(23)	(44)	(21)
<b>EXTERNAL FUNDING</b>	<b>(6,257)</b>	<b>(5,505)</b>	<b>752</b>
<b>GROSS INCOME</b>	<b>(7,107)</b>	<b>(6,355)</b>	<b>752</b>
<b>NET BUDGET</b>	<b>(11)</b>	<b>(10)</b>	<b>(0)</b>
<b>BROUGHT FORWARD BALANCE</b>	<b>(603)</b>	<b>(603)</b>	
<b>Use or (Contribution) LEP Reserves</b>	<b>(11)</b>	<b>(10)</b>	
<b>CARRY FORWARD BALANCE</b>	<b>(614)</b>	<b>(613)</b>	

Total revenue expenditure amounted to £6.345m, which was within the revised budget for the year. There was a small surplus of £0.010m for the year, which was as per the revised budget position with LEP reserves of £0.613m to be carried into 2021/22. Considerable additional business support and advice was provided by the LEP's North East Growth Hub in the run up to Brexit and towards the year end in relation to the impact of the Covid-19 pandemic and this additional work was undertaken by existing staff and resources.

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

The LGF programme delivered over £19m of activity during 2020/21 across the Strategic Economic Plan (SEP) themes making full use of all LGF grant available for the year and cumulatively. This is considered a very good performance by MHCLG.

### **North East Investment Fund**

The NEIF initial £55m allocation was made up of £25m Growing Places and £30m Regional Growth Funding. The Regional Growth Funding (RGF) project had originally tighter restrictions on the use of the funding, however, the North East LEP has worked with MHCLG on closing the original RGF programme and releasing this funding to be used to support the Commercial Property Development Fund (CPIF). The NEIF supports a number of projects through loans which are now making repayments, recycling the funding available for reinvestment in new projects and other opportunities.

### **Enterprise Zones**

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, 2020/21 was the eighth year of the Round 1 zones' life.

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 1st April 2018 to complete the coverage. With the exception of the IAMP, it is the fourth year of the round 2 sites life. Ramparts (Northumberland) and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2020/21, as the result of occupation on parts of the sites requiring no capital investment to enable occupation to occur.

Table 9 below provides a summary of the Enterprise Zone account over the last three years and a summary of the position for 2020/21 compared with a budget reported in January 2021. Business Rate Income for 2020/21 and interest amounted to £2.614m and was higher than the budget of £2.4m reported in May 2020. Income was slightly lower than the revised estimate reported in January 2021 of £2.719m mainly because new buildings on the Airport site and the IAMP site had not been issued with rateable values during the year. The income from these two buildings estimated for the time that they were open in 2020/21 is estimated at c. £0.34m and should be received in 2021/22. The income figure for North Tyneside\* is an estimate, which will be confirmed shortly. Expenditure was also below the budget, which resulted in an increased surplus for the year of £0.645m and a cumulative surplus of £3.692m.

**Table 9 Enterprise Zone Account**

	Actual 2017/18 £000	Actual 2018/19 £000	Actual 2019/20 £000	Budget 2020/21 £000	Actual 2020/21 £000	Variance £000
<b>Business Rates Income</b>						
<b>Round 1</b>						
Newcastle – North Bank	437	501	508	483	537	54
North Tyneside – Swans	160	194	160	138	180*	42
Northumberland- Blyth sites	321	334	308	309	334	25
Sunderland – A19 Corridor	708	750	752	754	628	(126)
<b>Round 2</b>						
Durham - Jade				46	51	5
Gateshead - Follingsby			242	217	255	38
Northumberland- Ramparts		40	40	38	34	(4)
Sunderland & South Tyneside - IAMP				667	581	(86)
<b>Total Rates Income</b>	<b>1,626</b>	<b>1,819</b>	<b>2010</b>	<b>2,704</b>	<b>2,600</b>	<b>(104)</b>
Interest	11	25	20	15	14	(1)
Grant income	30					
<b>Total Income</b>	<b>1,667</b>	<b>1,844</b>	<b>2030</b>	<b>2,719</b>	<b>2,614</b>	<b>(105)</b>
<b>Expenditure</b>						
NEIF/LGF Loan repayments	1,302	1,238	1,438	651	651	-
Other Financing Costs (including interest)	0	235	258	1,450	1,154	(296)
Invest North East Contribution	148	71	66	170	65	(105)
Operating Costs	112	100	128	150	99	(51)
<b>Total Costs</b>	<b>1,562</b>	<b>1,644</b>	<b>1,890</b>	<b>2,421</b>	<b>1,969</b>	<b>(452)</b>
<b>Annual Surplus</b>	<b>105</b>	<b>200</b>	<b>140</b>	<b>298</b>	<b>645</b>	<b>347</b>
<b>Cumulative Surplus</b>	<b>2,707</b>	<b>2,907</b>	<b>3,047</b>	<b>3,345</b>	<b>3,692</b>	<b>347</b>

## Invest North East England (INEE)

NTCA became the accountable body for Invest North East England (INEE) as of 1 April 2020.

Invest North East England acts as the strategic inward investment service in the North East. It works collaboratively with its seven local authority partners, two combined authorities, and other key stakeholders such as the North East LEP, Department of International Trade, and Universities to increase the levels of inward investment flowing into the region from both UK-owned and foreign-owned businesses.

Operationally, INEE's work has a few key guiding principles:

- INEE's primary function is to focus on attracting new inward investment to the North East (rather than seeking to secure re-investment in existing companies)
- INEE works closely with, and on behalf of, all seven constituent authorities,

its aim being to maximise levels of inward investment regardless of location in North East (a 'North East First' principle).

- INEE activity aims not to duplicate but add value to activities undertaken by the constituent local authorities.
- INEE engages in proactive lead generation activity which is sector-based, focussed on: Digital Technology; Energy; Life Sciences; Advanced Manufacturing; Financial, Professional and Business Services.
- INEE focus of activity will be on strategic inward investment projects which require regional-level promotion, coordination, and collaboration in the first instance, before a focus on a specific site.
- As far as possible, INEE will aim to attract investment opportunities which will lead to significant numbers of high-quality jobs (more and better jobs).

## Performance

After a very challenging year, dealing with the negative impact on inward investment of the Covid-19 pandemic and Brexit, the INEE Team is confident that 2021/22 will bring increased activity. The Team is involved in several very significant projects and is developing new approaches with partners in a number of areas including developing strategies to attract new north shoring and electrification projects, as well as significant offshore wind supply chain activity.

The Invest North East England Budget is supported from the seven Local Authority Contributions of £20,000 each (£140,000) and the North East LEP through interest on investment income (£140,000) and any balance, in 2020/21 £61,756 from North East Investment Fund (NEIF). The Outturn for 20-21 and the proposed budget for 2021-22 is set out in Table 10 below.

**2020-21 Outturn and 2021/22 Budget Invest North East England**

Invest North East England (INEE)	2020-21 Original Budget £	2020-21 Actual £	2020-21 Variance £	2021-22 Original Budget £
<b>Expenditure</b>				
Salaries	166,000	165,194	(806)	166,000
Staff training	2,000	0	(2,000)	2,000
Travel Subsistence (Inc. International Travel)	9,000	8,832	(168)	9,000
Web, telecoms and computing	8,000	1,999	(6,001)	8,000
Marketing/Comms/Events	100,000	40,840	(59,160)	100,000
Membership Fees	3,000	2,815	(185)	3,000
Visit Hospitality costs	7,000	30	(6,970)	7,000
Professional Consultancy	20,000	14,950	(5,050)	20,000
Lead generation / representation	110,000	71,290	(38,710)	110,000
Research resource licenses	25,000	24,000	(1,000)	25,000
Propositions refresh	10,000	17,500	7,500	10,000
<b>Total Expenditure</b>	<b>460,000</b>	<b>347,450</b>	<b>(112,550)</b>	<b>460,000</b>
<b>Income</b>				
Local Authority contributions	(140,000)	(140,000)	0	(140,000)
Private sector contributions to events	(10,000)	(6,306)	3,694	(10,000)
North East LEP	(310,000)	(201,144)	108,856	(310,000)
<b>Total Income</b>	<b>(460,000)</b>	<b>0</b>	<b>112,550</b>	<b>(460,000)</b>

## **Main points from Financial Statements**

### **Comprehensive Income & Expenditure Statement**

The Continuing Cost of Services line in the Comprehensive Income & Expenditure Statement represents the net expenditure incurred by the North of Tyne Combined Authority including the North East LEP and INEE, it also includes the share of the costs contained within the North East Combined Authority (as relating to the Joint Transport Committee), in the direct provision of Services (Page 5 within the Statement of Accounts). The Comprehensive Income & Expenditure Statement is showing a surplus of (£28.875m) for the year ended 31 March 2021.

### **Balance Sheet**

The Balance Sheet is set out on page 6 within the Statement of Accounts. The net assets of the Combined Authority are £178.714m for the year ended 31 March 2021 and are financed by Usable Reserves of £124.373m and Unusable Reserves of £54.341m. More details of the reserves contained on the Balance Sheet are shown in Notes 23 and 25. The Balance Sheet also includes the Authority's share of assets and liabilities contained within the North East Combined Authority in relation to the Joint Transport Committee

### **Group Results**

The Group Accounts included as part of the Statement of Accounts fully incorporate the results from Nexus (The Tyne and Wear Passenger Transport Executive). More details can be found in Group Note 1 on page 75.

During the year Nexus invested £83.449m of capital expenditure in public transport in Tyne and Wear which was funded primarily by central government grants.

The liquidity of Nexus remained strong with net current assets of £472.701m, adequate to cover both short-term fluctuations and future commitments from usable reserves.

The Nexus accounts are divided between NTCA and NECA accounts (after elimination of intra-group transactions), with the balance sheet information at 31 March 2021 allocated between the two Combined Authorities in proportion to their relative share of Tyne and Wear Population – 55.46% in the NECA accounts and 44.54% in the NTCA accounts.

## **Non-Financial Performance of the Authority**

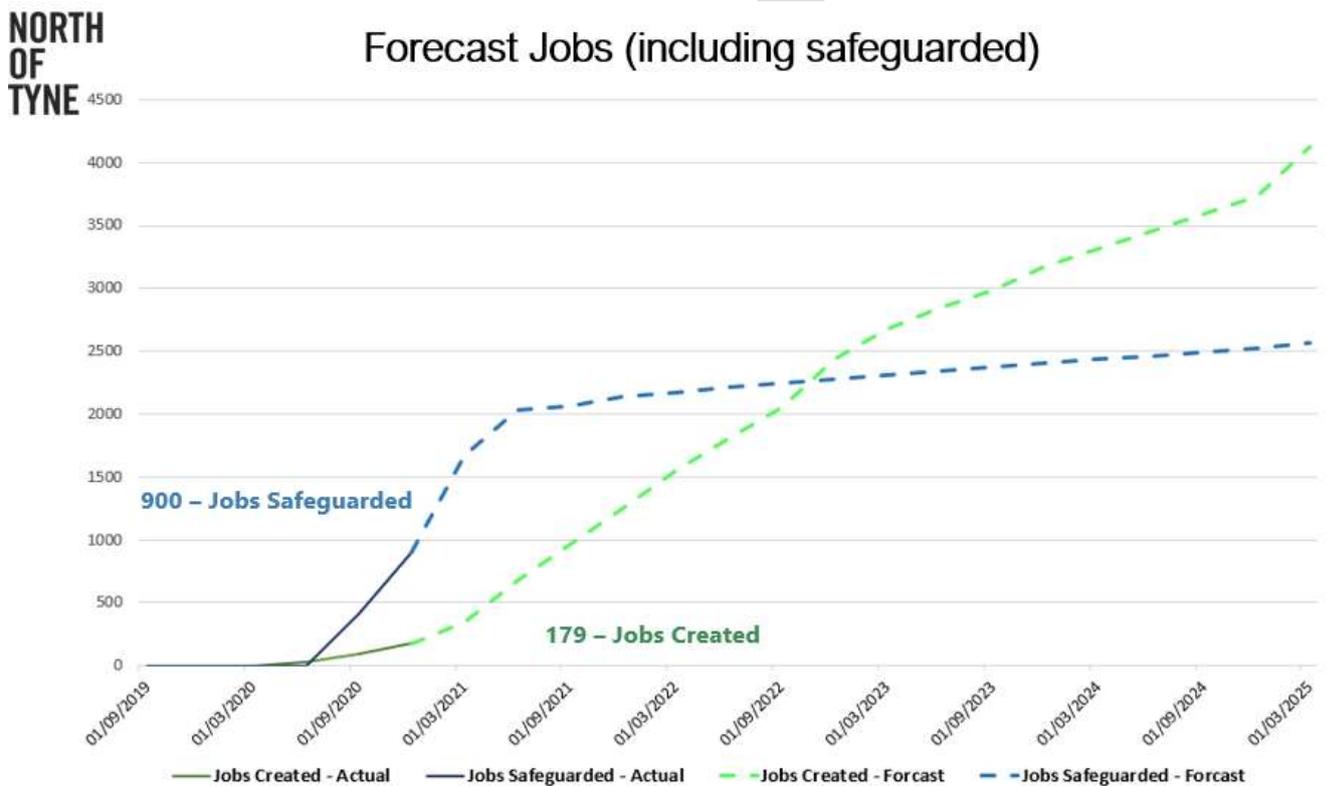
### **Investment Fund non-financial performance**

As at the end of financial year 2020/21 the Investment Fund total commitments stood at £62.380m against 66 live contracts. A strong pipeline of high-quality projects is in development with several significant investments planned over the coming months. This includes interventions to grow our digital and ageing sectors, as well support for our residents, creating opportunities to develop new skills and progress into employment

To date the Combined Authority has achieved:

- A commitment of £62.38m against 66 live projects – out of a total programme value of £90m to March 2023
- These projects will attract £193m of private sector leverage and are forecast to deliver 4193 jobs and safeguard a further 2673.
- Of these, the first 179 new jobs have been created and 900 safeguarded.

The Chart below shows the trajectory of forecast jobs and safeguarded jobs.



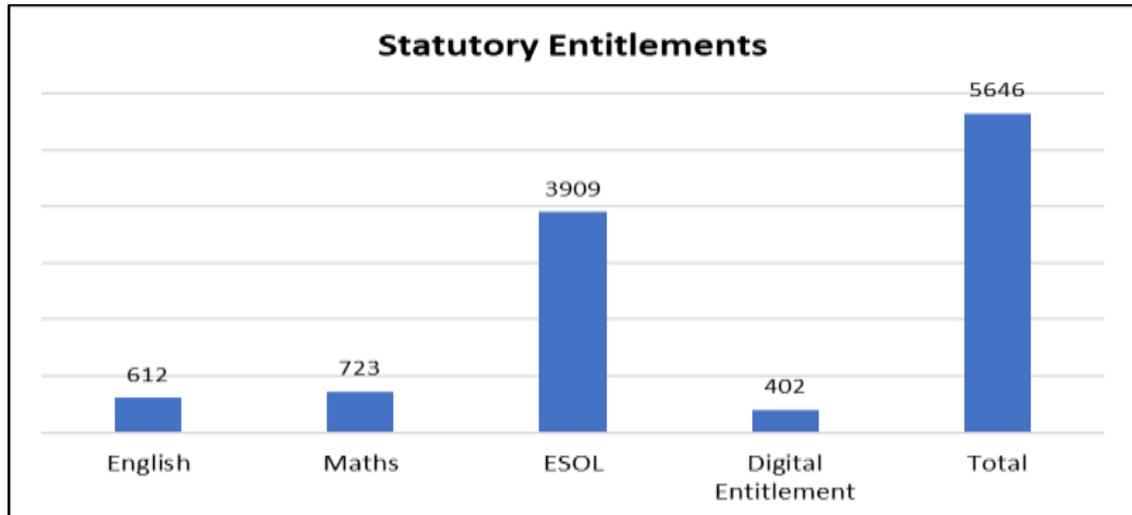
### Brownfield Housing Non-financial Performance

- Contracted projects are forecasting the creation of 1402 housing units with the extended pipeline accounting for 4171. Our contracted target with MHCLG is 1500.
- Contracted projects will remediate 23.42 hectares of Brownfield land which will be either reclaimed, re-developed or resembled.

### Adult Education Budget Non-financial Performance

- By April 2021, over 18,000 enrolment opportunities have been delivered or are being undertaken, an increase of 2000 enrolment opportunities on the previous month.

This is shown below as per constituent authority.



## Key Priorities and upcoming Milestones

The NTCA Corporate Plan outlined the following commitments below:

### Clear investment and delivery plans for these issues will be brought through Cabinet during the next year:

**Northumberland Line Economic Corridor Investment** – a bold joint NTCA-Govt package supporting Northumberland Line economic corridor strategic sites – with clear investment priorities within each Authority and potential to accelerate housing and skills progress.

**Clean Energy 'Arc of Innovation' Funding Package** – an investment package securing growth and skills gains from Blyth, BV and Tyne Corridor – ensuring we are ready to take advantage of the investment potential of our clean energy sector and supply chain.

**Expansion of our North of Tyne Digital fund** – including NTCA 5G – expansion of our £20m digital programme – securing further rural connectivity, 5G, digital business growth and strong public sector digital collaboration to drive recovery, inclusion and growth.

**Investment Vehicle for new jobs through Health Innovation** – creating strong incentives for health and public service innovation, start-up, job and cluster creation – building on our National Innovation Centres and strong health R&D base.

**City, Towns, High Streets and Rural Recovery** – expansion of recovery and innovation support augmenting Govt schemes and supporting our places, sectors and specific housing sites. This may include a future high streets and city centre funding component.

**Skills for Growth and Inclusive Economy Innovation Fund** – expanding our funding to tackle unemployment, augment AEB & education improvement programmes, and leverage large-scale social investment.

**'Reawakening the Tyne' investment plan** – including flagship investments building on our 'North Bank of the Tyne' prospectus and North Shields Masterplan area.

**Investment in Climate Action** – following through on our citizens assembly, green economy summit, and collaborative working to support net zero transition in key industries and sectors

**Building our Small Business Base** – exploring ways of supporting SMEs, social enterprise and community-owned enterprise and support local supply chain innovation

## Our role in regional transport

The NTCA exercises shared transport powers through the North East's Joint Transport Committee, and delivers these priorities through strong cross-regional and cross-sector collaboration. Cabinet's priorities include:



### Maximising investment in our network

– including through access to the Intra-City Transport Fund, augmented bus partnership funding, future Metro revenue and capital, and through securing the remaining funding component of the Northumberland Line



### Supporting major cross-regional priorities

– such as East Coast Mainline upgrade, Leamside Line, Metro extension programme and sustainable rural bus networks.



**Prioritising active travel and efforts to reduce CO2 emissions across the network** – including through cycling and walking programmes, smart travel and future mobility initiatives.



### Creating strong incentives to augment digital connectivity

– both through NTCA's investment programmes, and across the North East more widely.

The NTCA team continue to work closely with the Transport North East team to realise these priorities.

## Significant issues relating to 2021/22 and beyond

The 2021/22 Budget was prepared in exceptional circumstances. Nationally, the Comprehensive Spending Review (CSR), which sets out the Government's spending plans over the next three years, was delayed, a one-year spending round was announced by the Chancellor on 25 November 2020. The Combined Authority's request for further devolution was clearly set out in the submission to the CSR however, there was no firm response on this matter.

When the 2020/21 Budget and MTFP were agreed in February, nobody could have predicted the financial impact of the Covid-19 pandemic both nationally and locally. Reports published by both the Office for National Statistics and the Office for Budget Responsibility describe the significant economic impact that Covid-19 has had on public sector finances, this impact has also been felt locally.

Throughout the response to the pandemic, the Combined Authority has worked with Regional colleagues to support the submission for Recovery Support and Finance for the North East. In addition, the Combined Authority took a proactive approach to support for particular sectors impacted by the Pandemic, some examples of this include the continuation of the support to enhance short-term skills, jobs, and inclusive economy interventions – Kickstart, Youth Hubs, Good Work Pledge, Culture and Tourism Recovery, Climate innovation and Growth of the Digital Sector. An allocation of £10.000m of Investment Funds has been made to proceed with a North of Tyne Recovery Innovation Deal to supporting our businesses, social enterprises, and Local Authorities to

proactively innovate business models and sustain jobs in sectors that have been hit by the crisis.

The Mayor and Cabinet continue to work with officers to maximise the opportunities of the three constituent authorities in order that they work together efficiently and effectively with the North of Tyne Combined Authority. Other opportunities exist around the consideration of how best the Procurement Strategies across the constituent authorities can support the ambition and delivery of the Vision for North of Tyne.

In order to deliver the Authority's priorities and commitments the social factors such as a consistently higher unemployment rate than the national average, a lower productivity than the national wage and social inequality with pockets of deprivation affecting the area will need to be considered.

The financial environment for local government is likely to remain challenging for the foreseeable future. The impact of Covid-19, uncertainties arising from Brexit and the delay in the publication of both the Comprehensive Spending Review and the outcomes of the Fair Funding Review mean the outlook continues to be extremely uncertain.

The North East LEP has been leading a 'Covid-19 Economic Response Group' made up of NTCA, NECA, local authorities, the Confederation of British Industry (CBI) on behalf of business, North East JTC and regional universities. NTCA will work with the LEP and other partners on the Covid-19 recovery. Further rounds of LGF/Future prosperity/Economic Recovery funding will be required to support the capital investment and Revenue support that is needed to help the region's economy to recover and grow.

Over the past year transport has also been dominated by Covid-19. The major reductions in public transport use, and uncertainties over the scale and pace of any recovery in this remains a major challenge for the area. At the same time the rapid recovery of general traffic levels, in some cases to levels above those seen before the pandemic, emphasise the continued need to focus investment on more sustainable and less polluting forms of transport.

During 2021/22 the North East Joint Transport Committee will need to publish a Bus Service Improvement Plan by the end of October, and by April 2022 will need to have a formal Enhanced Partnership with operators in place or be following the statutory process to decide whether to implement a franchising scheme.

Transport Programmes coordinated by Transport North East on behalf of the JTC area include Transforming Cities Fund (TCF) and Active Travel Fund. TCF will deliver major improvements to the area's sustainable transport infrastructure. The 'Metro Flow' project will deliver dualling of the single-track sections of Metro between Pelaw and Bede on the South Shields route. This will allow for improved reliability and potentially higher frequency services over much of the Metro network. Other schemes being funded from this source include a new bus station for Durham, improvements to Sunderland rail station and major improvements to pedestrian and cycle routes in Gateshead. A region wide scheme providing improvements to traffic signals on the main bus routes is also under development.

The Government's strategy for walking and cycling, Gear Change, published in July 2020, sets out a commitment to further investment in improving active travel. Local authorities are already developing ambitious proposals for improving active travel infrastructure and the additional funding promised in the strategy should help build on current work to provide further improvements in future.

Publication of the Government's Integrated Rail Plan (IRP) is still awaited. This will give greater clarity on future priorities for investment in key connections such as the East Coast Main Line.

Further improvements to infrastructure for Electric Vehicles, including the new Electric Vehicle filling station in Sunderland, have been delivered as part of the Go Ultra Low (North East) project. Further funding has now also been secured by the North East Joint Transport Committee from the Local Growth Fund to fund further expansion of the network of charge points available.

It is estimated that increases in traffic levels at the Tyne Tunnels will occur at each stage of lockdown easing in spring/summer 2021, but there is no certainty that traffic levels will again reach the previous pre-Covid-19 levels. Many businesses and individuals have changed their journey habits due to Covid-19, for example shifts in modes of transport, more online meetings and more home-working, all of which may mean fewer journeys overall on a permanent basis.

Work is continuing in developing the 'Tyne Pass' project to introduce a fully automated payment system using Automatic Number Plate Recognition (ANPR) technology at the Tyne Tunnels, to replace the existing coin and permit systems, and it is planned to launch later in the 2021/22 financial year.

The cross-partner North East Brexit Group continues to meet and provides a forum for sharing intelligence across sectors. This information and intelligence have informed action such as the Brexit Toolkit on the Growth Hub, as well as the Work Programme. The focus of the group is now on opportunities post-Brexit and preparations in the light of potential trade deals with the EU and other nations/trading areas.

Activity continues to develop a proposal to government on the additional resources, powers and legislation needed to support the region.

## **Explanation of Accounting Statements included within the Accounts**

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain a number of different elements and are required to be prepared under the Code of Practice. The Statement of Accounts is set out in the accompanying document, and are explained below:

## **Core Financial Statements**

The Comprehensive Income & Expenditure Statement (CIES) (page 5) summarises the revenue costs of providing all services and the income and resources received in financing the expenditure.

The Movement in Reserves Statement (MIRS) (page 4) shows the movement from the start of the year to the end on the different reserves held by the Authority. This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those which can be applied to fund expenditure) and Unusable Reserves (which cannot). The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing NTCA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Balance Sheet (page 6) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories, Usable and Unusable as described above. Unusable Reserves include those which hold unrealised gains and losses (e.g. the Revaluation Reserve) where amounts only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line "adjustments between accounting basis and funding basis under regulations".

The Cash Flow Statement (page 7) shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

## **Notes to the Accounts**

The notes aim to assist in the understanding of the Statement of the Accounts. They are fundamentally important in the presentation of a true and fair view. They provide information on the basis of the preparation of the financial statements and disclose information not presented directly in the key financial statements which is relevant to the understanding of the information contained elsewhere within the Statement of Accounts.

## Group Accounts and Associated Notes

The Authority is required by the Code to produce Group Accounts to include services paid to Council Taxpayers in the North of Tyne area by organisations other than the Authority itself in which the Authority has an interest.

It is recognised that the accounts of Nexus fall within the definition of a subsidiary. As such, group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Authority and Nexus. Nexus has been incorporated as a subsidiary, whereby the accounts of the two organisations are combined and any intra-group transactions are cancelled out.

These statements and accounts collectively provide a comprehensive view of the Authority's financial position during the period to which they relate. The format of the accounts reflect the impact of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) which changed the boundaries of NECA on the 2 November 2018. As a result of these governance changes, the boundaries of NECA now cover the Local Authorities of Durham, Gateshead, South Tyneside, and Sunderland. On the same date, the North of Tyne Combined Authority (NTCA) was established as well as the North East Joint Transport Committee (JTC), which continue to exercise the Transport functions over the area covered by the two Combined Authorities.

## Implementation of the Devolution order

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

In order to comply with the CIPFA Code, NECA must:

1. Split the revenues between that which relates to NECA and NTCA. In this case the constitution of the JTC and its funding arrangements suggests that, in the first instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to NTCA), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and NTCA).
2. The revenues which relate to Tyne and Wear must then be divided into that which relates wholly to Newcastle and/or North Tyneside (allocated to NTCA), that which relates wholly to Gateshead, South Tyneside and/or Sunderland (allocated to NECA) and that which relates to activities not wholly attributable under the preceding two points which requires apportionment.

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

For the 2020/21 accounts the mid-year estimated population published by the Office of National Statistics as at June 2018 is used, which is the basis on which the Transport Levy payments for the year are required to be calculated. The calculation of the proportion used to allocate the figures in the accounts at 31 March 2021 is shown in Table 11 below.

**Table 11 - Population used to allocate Transport Assets/Liabilities between NECA and NTCA**

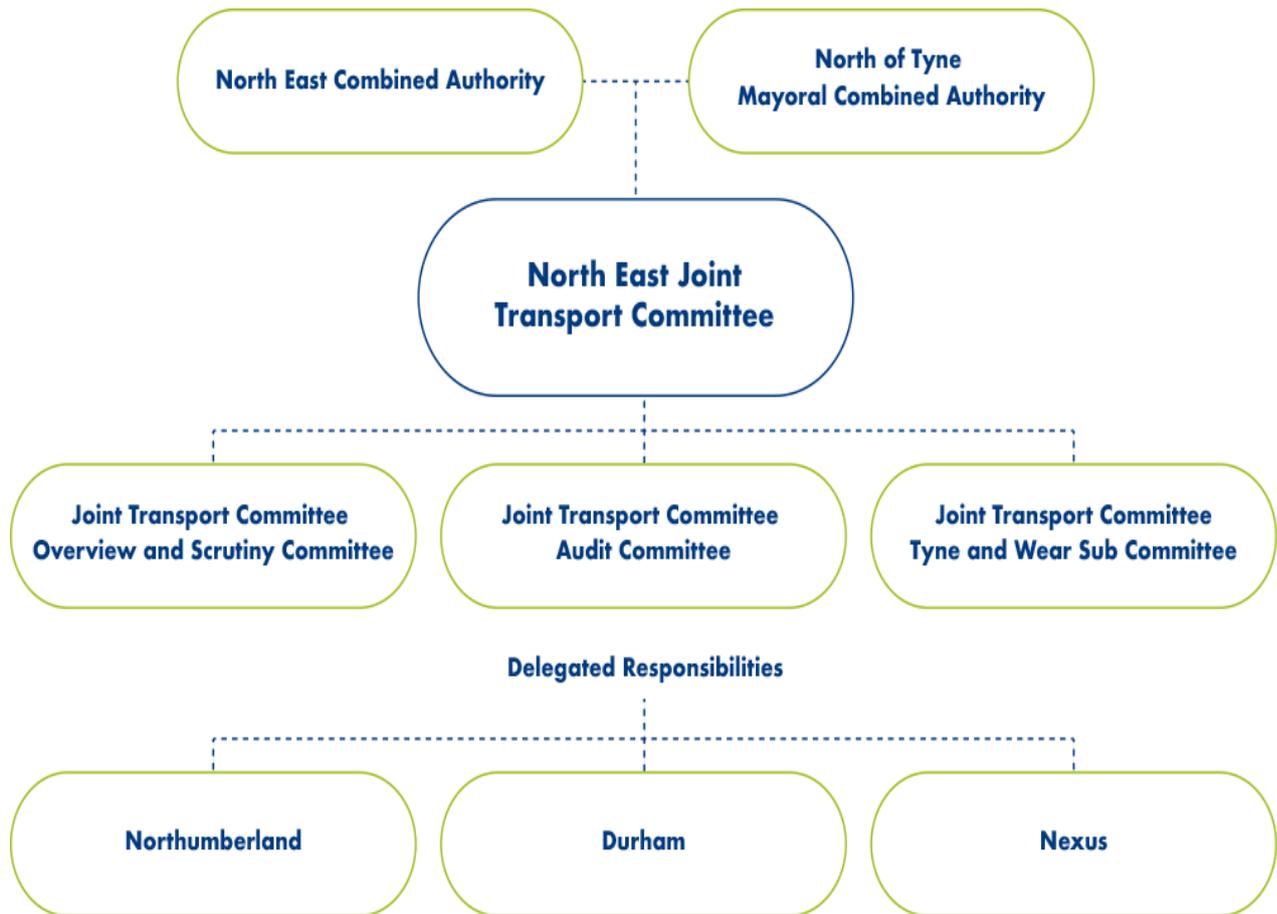
	Mid-Year 2018 Population	Proportion
	People	Proportion
<b>NECA</b>		
- Gateshead	202,508	
- South Tyneside	150,265	
- Sunderland	277,417	
	<b>630,190</b>	0.55456
<b>NTCA</b>		
- Newcastle	300,196	
- North Tyneside	205,985	
	<b>506,181</b>	0.44544
<b>Tyne and Wear Total</b>	<b>1,136,371</b>	

## The Joint Transport Committee

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

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

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



## Transport

Tyne Tunnels, although owned by NECA, the accounting balances are reflected in the NTCA financial statements as part of the JTC. The Tyne Tunnels link the A19 under the River Tyne between Howdon and Jarrow. There are two tolled vehicle tunnels, and tunnels for both pedestrians and cyclists. The Tunnels are entirely self-financing from the toll's income raised, i.e. there is no call on the Authority's budget or local taxpayers to support them, and assets and liabilities associated with the tunnels are ringfenced to the Tyne and Wear constituent councils within the Authority. The Tyne Pedestrian and Cyclist Tunnels reopened to the public in August 2019 and have been well received and well used.

Table 12 overleaf shows Tyne Tunnel Flow data shows a small increase in traffic in 2020/21 until the end of March when the impact of the Covid-19 pandemic took effect. The increase was seen in all classes of vehicle except Class 1.

**Table 12: Tyne Tunnel Traffic Flow data**

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

Class 1 = Motorcycles; Class 2 = Car, Van, or Bus less than 3m high with 2 axles; Class 3 = HGV, Van, or Bus more than 3m high or 3 axles or more; Exempt = emergency vehicles and blue badge holders

The tolls were increased in line with inflation on 25 August 2020 from £3.60 to £3.70 (or £3.33 with a pre-paid permit) for Class 3 vehicles. There was no increase applied during the financial year for Class 2 vehicles which remained at £1.80 (or £1.62 with a pre-paid permit).

### **Tyne and Wear Passenger Transport Executive – Nexus**

The North East Joint Transport Committee sets public transport policy for the region, which in Tyne and Wear is delivered operationally by Nexus. The following performance indicators describe the general performance of public transport in Tyne and Wear during 2020/21.

- The number of passenger journeys across all modes within Tyne and Wear in 2020/21 was estimated at 49.6 million; a 67.9% decline when compared to 154.5 million in the previous year:
  - Bus patronage reduced to 39.8 million in 2020/21; a 66.7% decline when compared to 119.4 million in the previous year.
  - Metro patronage reduced to 9.4 million; a 71.6% decline when compared to 33.1 million in the previous year.
  - Ferry patronage reduced to 0.154 million passengers in 2020/21; a 56.4% decline when compared to 0.353 million journeys in the previous year.
  - Rail patronage reduced to 0.250 million journeys in 2020/21; an 85.1% decline when compared to 1.680 million journeys in the previous year.
- Metro reliability (operated mileage) was 95.8% during 2020/21, stable versus the figure of 95.7% achieved in the previous year.
- Metro reliability (Charter punctuality) was 87.4% during 2020/21, an increase on the 80.8% achieved in the previous year.

## Annual Governance Statement

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

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against these are:

- Ensuring openness and comprehensive stakeholder engagement.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Managing risks and performance through robust internal control and strong public financial management.
- Defining outcomes in terms of sustainable economic social and environmental benefits.
- Implementing good practices to transparency, reporting and audit to deliver effective accountability.

### NTCA Staffing

There are now 48 staff directly employed by the Combined Authority, reflecting an increase in numbers of projects and programmes, resulting in recruitment of a number of temporary posts to lead on the delivery of the projects. A workforce planning exercise is currently being undertaken with the aim of creating a long-term staffing plan set within the context of a consistent set of agreed principles appropriate for the authority.

**Table 13 – Change in Staffing numbers during 2020/21**

	<b>NTCA Employees at the year end</b>	<b>North East LEP Employees at year end</b>	<b>Invest North East Employees at year end</b>
2020/21	48	62	3
2019/20	34	56*	3*
2018/19	1	39*	3*

- As per North East Combined Authority Narrative Report

The Authority seeks to make the best possible use of resources available with regard to economy, efficiency, and effectiveness. This is a responsibility shared by Members and Officers of the Authority, with the Chief Finance Officer having a specific role in ensuring the adequacy of resources and proper financial administration. Our budget proposals for 2021/22, available on the NTCA website [Cabinet-26-January-2021](#) sets out how we will do this looking forward. The Statement of Accounts accompanying this report looks back at our performance since establishment. Reviewed together they provide the reader with an understanding of the financial position of the Authority.

If you would like further information about these accounts, please contact Janice Gillespie, Chief Finance Officer, c/o North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY

**Janice Gillespie**  
**Chief Finance Officer (S73 Officer)**