

North of Tyne Combined Authority, Overview and Scrutiny Committee

5 July 2022

(1.00 - 3.15 pm)

Meeting held: Bewick Room, Level 2, Newcastle City Library, 33 New Bridge St, NE1 8AX

Draft Minutes

Present:

Chair: C Seymour

Councillors S Fairlie, G Stone, L Wright, J Harrison, Joe Kirwin and C Seymour and M Hall (sub)

1 APPOINTMENT OF CHAIR AND VICE-CHAIR FOR THE 2022/23 MUNICIPAL YEAR

Elizabeth Kerr, Principal Governance and Scrutiny Manager (NTCA), opened the meeting. She confirmed that the Chair had to be drawn from a different political party to that of the Elected Mayor.

Councillor Seymour was nominated and seconded for the position of Chair.
Councillor Wright was nominated and seconded for the position of Vice Chair.

RESOLVED that -

- (i) Councillor Seymour was duly appointed Chair of the Overview and Scrutiny Committee for the Municipal Year 2022/23; and
- (ii) Councillor Wright was duly appointed Vice Chair for the Municipal Year 2022/23.

2 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting and asked for introductions.

3 APOLOGIES

Apologies for absence were received from Cllr Bowman, Cllr Beynon and Cllr Shaw (Cllr Hall in attendance as substitute).

4 **DECLARATIONS OF INTEREST**

None.

5 **AGREE THE MINUTES OF THE MEETING HELD ON 15 MARCH 2022**

RESOLVED – That the minutes of the meeting held on 15 March 2022 be agreed as a correct record and signed by the Chair.

6 **NTCA ANNUAL REPORT AND CORPORATE PLAN**

Committee received a report and presentation from H Kippin, Chief Executive, which set out the NTCA's Annual Report 2021, endorsed by Cabinet at its March meeting, detailing the Authority's achievements and the work of the Mayor and Cabinet over the last year and also the Corporate Plan 2022/23 endorsed at the Annual Meeting in June.

The Annual Report 'Getting Stuff Done' was noted to include information on work by NTCA to attract companies and jobs to the region; safeguarding existing jobs and supporting businesses with advice and guidance; working with communities; investing in rural technologies; providing courses for residents to get good jobs and helping people get back to work. The report also provided annual updates from the Inclusive Economy Board, the Housing and Land Board and the Voluntary, Community and Social Enterprise Group.

It was also noted that at its Annual Meeting in June, Cabinet had endorsed NTCA's updated Corporate Plan. The presentation provided an overview of the 2022/2023 Plan, developed through co-design with Cabinet, officers and partners, and which refreshed the context and outlined NTCA's ambitions and delivery priorities within its seven delivery portfolios and three cross cutting themes.

Following the presentation, in discussion with committee members, the following key points were raised:-

- A committee member welcomed the Annual Report and Corporate Plan as useful documents that illustrated well the work and ambition of the Combined Authority. He urged caution around ensuring that statements were realistic, noting that while figures were quoted for projected job creation over the 30 year period from 2019/20 of 10,000 and number of jobs considered to be in the pipeline at present at 4,500, the actual number of jobs created was currently approximately 1000.

H Kippin explained that there would inevitably be some lag at this stage between target figures and jobs delivered, as some sectors were able to move faster than others. Also, jobs from inward investment often progressed more quickly than work to develop business cases to save or reinforce jobs. He noted that there was a constant focus on accountability in working to bring jobs to the area, with investment not taking place until jobs were secured.

The member responded that he had no criticism of the direction of travel or the work being carried out, but it was important that nationally the conversation around regional devolution was realistic. H Kippin responded that he was very mindful that longer term projections must be underpinned by solid assumptions.

H Kippin also noted that there was an evaluation process built into the planning process in the form of a Gateway Review every five years, to assess performance against targets under the devolution deal and in comparison with other authorities. The baseline assessment had been carried out the previous year and the position so far was quite positive. Delivery against targets inevitably would take time.

- A member asked about governance arrangements to ensure that where the Combined Authority worked on a potential project in one or more of its constituent authority areas, there was a cohesive approach to avoid possible conflict with the policies or procedures of the individual authorities.

H Kippin explained that there were a number of mechanisms in operation to promote a collaborative approach. The Leader and Deputy Leader of each local authority sat on the NTCA Cabinet which meant it was difficult for a proposal to reach that stage of scrutiny without cross authority consensus. Also there was a recognition of where responsibility lay for different processes and decisions e.g. planning etc. It was also clearly recognised that across some areas of work e.g. skills investment, there were benefits of economies of scale to be achieved from collaboration. The Combined Authority's constitution almost ensured that it would be impossible to progress a project for which there was not appropriate support.

- A committee member highlighted the importance of a joined-up approach and strategic thinking when bringing forward brownfield sites for housing in terms of the need to consider affordability and where new employment opportunities were being created.

H Kippin agreed and noted that NTCA had created a Housing Land Board (HLB) which included a range of stakeholders drawn from across the housing sector. The Board had commissioned work to look at housing affordability in the North of Tyne area. He noted that it was too simplistic to assume that affordable housing equated to 75% of market rate and other factors and circumstances also had to be considered. There was also work to be done to try influence government policy in this area - it was often difficult for local authorities to secure funding to build properties as they were not Registered Providers. The HLB would be considering these issues and himself and Mayor Redfearn, who chaired the Board, would be very happy to attend a future meeting to discuss this work further.

The committee member acknowledged the difficulties facing Local Authorities and Combined Authorities and reiterated the need for joint working particularly along adjacent geographic boundaries.

H Kippin commented that as a new public entity it was important to work to build trust. The original devolution bid had not included housing so it was positive that this was now in scope and the Housing and Land Board had been established. Housing development had to be considered in the context of a range of issues such as whether there were effective public transport links if a development was to be progressed. There were also a range of other issues that could impact development plans and needed to be balanced, such as cost of living pressures, the economic impact of the war in Ukraine, post pandemic recovery, pressures in the job market and the Levelling Up agenda.

The committee member noted that average income in the region was disproportionately low compared to other areas and it was important to secure good value jobs. Resource must be used to encourage businesses to invest and this would require investment in skills and training. Incomes in the region needed to be driven up through higher quality jobs.

H Kippin agreed that it would be important not just to create jobs but to ensure there were high skilled jobs and that people were appropriately trained to take these up. Challenges in the work programme were recognised.

RESOLVED – That the North of Tyne Combined Authority Annual Report 2021 and Corporate Plan 2022/23 be received and committee members comments noted.

7 **UK SHARED PROSPERITY FUND**

H Kippin, Chief Executive, gave a presentation which explained work underway to shape the Authority's approach to the UK Strategic Partnership Fund (UKSPF) which was funding to be made available regionally by the UK Government to replace EU funding withdrawn following Brexit. It was noted that some EU funded programmes had not yet finished. The UKSPF comprised a more limited amount of funding but government aimed for it to be able to be used more flexibly.

A UKSPF Strategic Partnership Group had been established to guide this work within NTCA. This advisory board reported to Cabinet and its Terms of Reference were outlined. There were noted to be two funds - the main UKSPF fund which for NTCA would equate to £47.1m over three years (2022-25) and the smaller Multiply Fund, comprising £4.1m over the same period (focused on improving mathematical literacy in the adult working population). The vision, themes and objectives to be met were prescribed by Government. The proposed Investment Principles were outlined, with UKSPF funding aligned around three key themes of (i) Community and Place; (ii) Support for Local Businesses; and (iii) Support for People and Skills.

It was noted that the Authority had submitted its' Multiply Investment Plan to Government, to meet the 30 June deadline. The main UKSPF Plan was due to be submitted by 1 August. In discussion with committee members the following key points were then raised:-

- H Kippin noted that a summary of key information about the UKSPF was available and undertook to forward this to the committee.

- The Chair commented that it was helpful that there would be more flexibility around how money could be used, compared with previous EU funding programmes.

H Kippin noted that there was a trade-off between having greater flexibility and the smaller quantum of funding that would be available.

- In response to a question from a committee member, J Gillespie confirmed that the North of Tyne Combined Authority area would receive approximately 25% of the funding previously received through the EU. Officers were therefore very aware of the need to ensure that the delivery programme maximised the potential of the Investment Funds. It would also be important to understand the risks to services currently being delivered and what it may be possible to deliver under the new funding regime.

H Kippin noted that central government would highlight that the funding over the period also coincided with the tapering off of some EU programmes and therefore the reduction was not a cliff-edge change. The area had to make the best of what it would be receiving and effectively align this with other investment where possible.

J Gillespie noted that the profile of funding also raised some issues as the NTCA investment programme ramped up significantly in year three.

- Responding to a query, H Kippin explained that initially the funding would sit within the Investment and Resources portfolio but as UKSPF then turned into “business as usual” activity, Cabinet would determine how to apportion this across portfolios.
- A committee member commented that it was important that councillors understood what projects were likely to fall as a result of the funding reduction. J Gillespie noted that work was underway in individual authorities to look at this, so members could be advised of the expected position.
- Cllr Stone declared that he had previously worked as an EU funding officer in a local university. While it was generally recognised that EU funding was bureaucratic, it had also been very valuable and he was interested in the planned structure to administer the UKSPF. He sought assurance that the governance arrangements would ensure that funding was fairly distributed, avoiding any undue political interference.

The member also commented that he hoped that support for business would focus on SMEs and not “big” business and that projects would promote sustainability.

J Gillespie confirmed that the net zero agenda featured in each fund theme. In terms of governance there was already a process in place for the administration of funding through the Investment Panel reporting to Cabinet and this was expected to continue. The role of the UKSPF Partnership Board, while advisory, would also be to understand whether investment was going to

the right places. There would be reports back to Overview and Scrutiny Committee on allocations made.

- Responding to a query, J Gillespie noted that it was anticipated that allocations would involve match funding as a matter of course, although the percentage split had not yet been prescribed.
- A member noted that Government Office North East had previously operated a small secretariat to oversee EU funding and asked how resource would be allocated to support the UKSPF process. J Gillespie confirmed that up to 4% of UKSPF and 10% of the Multiply Fund could be top sliced to provide resource for support. Some start-up capacity had been identified which cover a range of professional expertise.
- H Kippin noted that the UKSPF Plan was due for submission by 1 August, with response from Government expected in October. With regard to net zero, it would be important to consider what initiatives should be funded through UKSPF and what may be more suitable for funding through other routes.

The Chair thanked H Kippin and J Gillespie for the presentation and noted that the committee looked forward to receiving further updates in due course. H Kippin confirmed that there was no set date for feedback from Government on the Plan, but in the interim work would focus on ensuring processes were robust and on developing projects so they were able to start as soon as government approval was received.

RESOLVED – That

- (i) The presentation on the UKSPF be received and committee members comments noted in taking work forward; and
- (ii) Any further information on the work of the UKSPF Strategic Partnership Group and the Investment Plan be circulated to the committee for information once available.

8 DEVOLUTION UPDATE

H Kippin, Chief Executive, NTCA, gave a presentation which outlined the key fundamentals of the current devolution deal for the North of Tyne Combined Authority based on a 30 year, £600m investment plan, covering skills, housing, economic growth and transport (shared with the wider North East). The presentation also highlighted areas that required further consideration in developing the devolution offer for the NTCA region.

There was noted to be a strong focus in delivery on net zero, inclusive economy and investment in economic innovation. Delivery and impact would be achieved through collaboration via a cross-party Cabinet structure and strong partner relationships. The original investment fund had been augmented by funding for the Adult Education budget, housing and additional adult skills. The Authority was part of the M10 group of Combined Authorities which worked to develop policies around devolution, regions and levelling up. Good progress had been made since 2020 with more than 4.5k new jobs in the pipeline, £250m+ leverage and 35,000 learner opportunities p.a.

An overview was provided of the Combined Authority's current Investments and Programmes across the areas of Adult Education, Skills and Inclusion; Clean energy & 'green jobs'; New homes & communities; Covid Response & Innovation; Culture, Creative & Tourism ; Digital growth & connectivity; and Inward Investment and Business Support. Major long-term cross-regional programmes were also noted.

Finally H Kippin highlighted issues that would need further careful consideration in developing the devolution offer for the region. These related to (i) Understanding what our economy required post-Covid, post-Brexit and post-COP environment and what 'levelling up' meant for the region (ii) Growing important sectors i.e. clean energy, net zero, digital, health innovation etc – and what interventions, funding and powers would add most value (iii) Skills and human capital – how to ensure a robust skills pipeline so all communities can benefit from new jobs and growth; (iv) Transport and connectivity – building on our joint transport plan and progress on digital infrastructure and innovation (v) Inclusion and prevention – achieving sustainable growth will require public service innovation and prevention - how can business and the 'good work' agenda best contribute to this; (vi) Collaboration – any next steps must work for all of our citizens, places and our business community - how can we engage to make sure voices are heard.

Concluding H Kippin noted that nothing had yet been agreed in terms of a further potential devolution deal. However, all parties were aligned and there was a commitment to securing the boldest levelling up deal possible for the area. He noted that he would be happy to come back to the committee in the Autumn to update on how discussion had progressed.

In discussion with committee members the following key points were raised.

- A committee member commented that while a sense of direction of travel was starting to emerge in terms of a future devolution deal, there was still a lack of detail. This needed to be addressed to ensure proper scrutiny.

He noted that previously there could have been a wider devolution deal achieved but there had not been political consensus around this. There must be recognition from Government of the need for a better deal for transport but there must also be more transparency around what else was being asked for. He expressed concern that there may be an ask to sign-off on something for which the end game was not properly understood. He acknowledged that leaders would be pushing hard for more powers and resource but voiced concern that the scope of this was not more widely understood.

H Kippin noted that NTCA Cabinet had been very clear that in progressing any discussion they would seek to build on what had already been achieved. The Chair also commented on the current "unknowns" around this process and that more clarity was needed around the changes for the Local Authorities involved.

H Kippin commented that devolution deals already in place were centred on delivering additional powers and resources to regions based on collaborative working and did not remove powers from local authorities.

- A member noted that the current situation felt very similar to the first set of discussions during which little information had been shared. The current situation appeared very uncertain and transport in particular required a good outcome.
- A member agreed that one of the main potential benefits to be delivered from any new negotiations must be around transport, but he queried whether the geography of the area made that more difficult as the NTCA area did not necessarily follow a natural travel to work pattern. He also queried whether Durham was likely to be involved, noting that it may feel more naturally aligned with Wearside or Teesside. He also queried if there was a risk that the more authorities that became involved, the more difficult it may be to achieve consensus.

H Kippin responded that already having an established Mayoral Combined Authority meant that (with the exception of transport which was currently dealt with separately), there was a good basis from which to understand on what a future deal may be based. With regard to transport, the funding and operation was complex but City Regional Sustainable Transport Settlements were being linked to a governance model which implied wider devolution.

The issue of whether Durham would participate was one for its leaders but whatever the regional composition of any new settlement, there would be a continued commitment to good governance and collaborative working.

[At this point Cllr Wright stepped out of the meeting]

- A member urged that if a new deal was negotiated, that careful consideration be given to ensuring that any new resulting Authority had a clear and meaningful name.
- A committee member queried the role of scrutiny in the process and whether a larger geographic area would necessarily be better. He stressed the importance of ensuring that transport was included in a new deal to ensure that resources were co-ordinated for the benefit of residents. He also noted that to be justifiable, any new devolution deal must advance the current position.
- A committee member endorsed comments about the role of scrutiny in this process, noting that it had a valid interest in understanding the government's proposals. There was a need for clarity around how powers would be allocated between an elected Mayor and individual local Cabinets. He noted that while officers assured that there was a commitment to collaboration, this was not necessarily always how matters played out. Whatever model was adopted must take into account the interests of the region as a whole and avoid any political split between constituent authorities

[At this point Cllr Wright returned to the meeting]

The Chair thanked H Kippin for the presentation. H Kippin confirmed that he would be happy to come back to the committee with a further update in due course.

RESOLVED – That

- (i) The presentation be received and committee members comments noted; and
- (ii) A further update be brought to the committee in due course.

9 **2021/22 NTCA BUDGET OUTTURN REPORT INCLUDING NORTH EAST LEP AND INVEST NORTH EAST ENGLAND**

Committee received a report from J Gillespie, Chief Finance Officer, which informed the Committee of the provisional 2021-22 outturn financial position of the North of Tyne Combined Authority (NTCA) including the Corporate Fund, Investment Fund, Adult Education Budget, and Brownfield Housing Fund. The 2021-22 outturn position was noted to be provisional at this point, being subject to external audit as part of the Audit of the 2021-22 Statutory Accounts.

As the North of Tyne Combined Authority had become the Accountable Body for the North East LEP and Invest North East England from 1 April 2020, it was noted that the report also included the 2021-22 Outturn position for the North East LEP and Invest North East England in addition to reporting on the Accountable Body Budget. Included in the North East LEP report was the 2022-23 budget and illustrations for 2023-24 and in addition the Invest North East England (INEE) 2022-23 budget.

Committee was referred to the Corporate Budget Outturn set out in table 1 and section 2 of the report; to section 3 detailing Investment Fund performance; and to section 4 which highlighted activity and performance in relation to the Brownfield Housing Fund.

In discussion with committee members the following key points were raised:-

- Noting the position with regard to State Aid requirements following exit from the EU as detailed in section 3.5, a member queried whether this was impacting on delivery. J Gillespie explained that there had been some delay as officers became familiar with the new regime (around subsidy control) but the situation had now improved.
- A committee member referred to data on Investment Fund Capital Schemes detailed in section 3.7 and asked for some information on Community Hubs Northumberland.

H Kippin explained that this programme comprised a £1.5m allocation split across the three local authority areas, to bring together Community Hubs to generate local community enterprise. It varied in its approach across each area and was a three year programme that would run for the remainder of this year and next.

A committee member queried how this differed from supporting Sure Start or foodbanks. H Kippin explained that the funding was not being used to subsidise existing services and that the goal was to use the hubs to help residents develop new social enterprises.

It was noted that if helpful E Kerr could share the Cabinet report on this programme.

In response to a request for reassurance from a member around governance issues, H Kippin commented that he was confident that the monitoring arrangements and business case development meant that the programme had a good framework in place.

RESOLVED – That

- (i) The Committee note the report on the 2021-22 NTCA provisional outturn position, including the North East LEP and Invest North East England 2021-22 financial outturn, including the North East LEP 2022-23 budget and illustrations for 2023-24, and Invest North East England (INEE) 2022-23 budget which was presented to Cabinet on 7 June 2022; and
- (ii) A copy of the report to Cabinet on the Investment Fund Community Hubs programme, be circulated to the committee for information.

10 WORK PROGRAMME 2022-23

Committee received a report from E Kerr, Principal Governance and Scrutiny Manager, which set out the Overview and Scrutiny Committee's provisional work programme for the 2022-23 municipal year.

The Committee was asked to agree the provisional work programme for the year ahead as set out in the report, noting that it may change throughout the year to respond to matters as they arise. In doing so, the committee was invited make any recommendations considered appropriate.

In discussion the following key points were raised:-

- A member noted that the meeting on 6 December was scheduled to include an update from the Cabinet Member for Education and Skills and asked whether this could also include an update on the Adult Education Budget.

E Kerr confirmed that she would seek an update on of Adult Education Budget outcomes etc. for that meeting.

RESOLVED – That

- (i) The committee agree the provisional work programme for the year ahead as set out in the report, noting that it may change to respond to matters as they arise; and
- (ii) The draft programme be amended to include an update at 6 December meeting on outcomes relating to the Adult Education Budget.

11 DATE AND TIME OF NEXT MEETING

Tuesday 11 October 2022 at 1pm (venue to be confirmed)