

Narrative Report year ended 31 March 2023



Introduction

This 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 provides a summary of the Combined Authority's financial performance for 2022/2023 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 2023.
- A look ahead to 2023/2024 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 Narrative Report is to collectively provide a comprehensive view of the Combined Authority's financial position, including that of the North East Local Enterprise Partnership (North East LEP) and Invest North East England (INEE) for which the North of Tyne Combined Authority became the accountable body on the 1 April 2020.

The format of the accounts reflects 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 2022/2023 including the North East LEP (North East LEP) and Invest North East England (INEE).
- Non-Financial Performance of the Combined Authority 2022/2023.
- Key Priorities and upcoming Milestones
- Significant Issues for 2023/24 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 will be presented to the Audit and Standards Committee in conjunction with the Statement of Accounts. The Statement explains how the Combined Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Statement can be found on the Combined Authority's website: [NTCA 2022/23 Annual Governance Statement](#)

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.

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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.

NTCA is a Mayoral Combined Authority. The first mayoral election was held on 2 May 2019. Jamie Driscoll was elected as the Mayor for the North of Tyne Combined Authority for a term of 5 years.

On 28 December 2022, HM Government announced a “minded to” devolution deal with the seven local councils across the North East (i.e. Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland). The “minded to” devolution deal would see a significant shift of powers, funding and responsibility which would enable the Councils to pursue their ambitions for inclusive growth. In total, it is expected to provide £4.2 billion of additional investment to the region over 30 years, including a £1.4 billion investment fund alongside significant funding for transport, education and skills, housing and regeneration.

The deal requires the creation of a new mayoral combined authority for the region. This will be dependent on the Secretary of State making a statutory order under the Local Democracy, Economic Development and Construction Act 2009 to deliver the following proposals:

- a. The abolition of the two existing combined authorities, i.e. NECA and NTCA; and
- b. The creation of a new mayoral combined authority which covers the area of all 7 Councils, which will be called the North East Mayoral Combined Authority (NEMCA).

These changes will also entail the abolition of the Joint Transport Committee as NEMCA will be responsible for the exercise of transport functions across the regions in the future.

As the first stage of the statutory process, the North East Councils undertook a governance review regarding the proposals set out above. The results of the governance review were reported to their respective Cabinets in January 2023. On the basis of the governance review, each Council's Cabinet concluded that the proposals were likely to improve the exercise of statutory functions in accordance with sections 108 and 111 of the 2009 Act. The North East Councils therefore agreed to progress to the next stage of the statutory process by publishing a scheme relating to the proposals and then carrying out a public consultation exercise.

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The public consultation began on 26 January 2023 and closed on 23 March 2023. It provided information about how the devolution deal would be implemented and the proposed changes to governance across the region, and allowed residents, businesses and other stakeholders to comment on these proposals. Opportunities to take part in the consultation included the completion of surveys, attending an event or by submitting written comments. In total, around 3,235 people or organisations took part in the consultation process.

The majority of responses from residents, businesses, the voluntary and community sector and other key stakeholder groups have been positive, and in agreement with the proposed governance changes as set out in the constitution. In addition, their comments have expressed strong support for the overall aims and objectives of the “minded to” devolution deal. There was particularly strong support for devolution around transport, skills, employment and adult education.

On 12 March 2024, the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 was approved. The Order provides for the establishment on 7 May of the North East Mayoral Combined Authority, and simultaneously abolishes the existing NECA and NTCA and the office of the Mayor of North of Tyne. The Order provides appropriate continuity and transitional arrangements so that any acts of the existing combined authorities are to be treated as the acts of the new mayoral combined authority. The Order also provides for the staffing, assets, rights and liabilities of the existing combined authorities to transfer to the mayoral combined authority.

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 829,000, a local economy of £19.726m, over 426,000 jobs and it is home to 25,490 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](#)

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 are subject to scrutiny by the Overview and Scrutiny Committee.

Management Structure

Senior Officers of NTCA during 2022/2023, consisted of, the Chief Executive (Designated Head of Paid Service), Director of Policy and Performance, the Director of Finance (Section 73 Officer), and the Monitoring Officer. The Monitoring Officer is a seconded post from one of the three Constituent Councils, Newcastle City Council.

At the NTCA Annual Meeting on 7 June 2022, the Managing Director title was changed to Chief Executive of North of Tyne Combined Authority.

The Combined Authority has grown to 71 employees during 2022/23 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 legal body led by an Elected Mayor. The North of Tyne Combined Authority manages a range of powers on housing, transport, infrastructure, skills, and employment. Decisions are 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 target 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 every opportunity.

NORTH OF TYNE... A SNAPSHOT

UK ECONOMY CURRENTLY BUFFETED BY ONGOING IMPACT OF HIGH INFLATION AND THE COST OF LIVING CRISIS

The official measure of inflation rose to 11% last year, with the price of energy and the weekly shop increasing even faster than this.

With pay growth lagging inflation, most households have seen a reduction in their spending power.



THE LATEST ECONOMIC FORECASTS PUBLISHED ALONGSIDE THE GOVERNMENT'S BUDGET POINT TO:

A weak economy this year, before recovery in 2024.

Inflation falling sharply, to around 3% by the end of the year.

A reduction in the level of household saving, as household income continues to be squeezed.



ACROSS THE NORTH OF TYNE:

Rising costs squeezing household income, and this has a knock-on impact on businesses.

Good news is that the number of people receiving out-of-work benefits is down by 15,000 since the peak of the pandemic...

The headline rate of unemployment has fallen back to below pre-covid levels, but employment remains well below its previous peak...

8,000 more people who are not working due to long-term sickness, in many cases due to the effects of covid.



LOOKING FURTHER AHEAD, OUR REGION CAN LEAD THE RECOVERY TOWARDS A MORE SUSTAINABLE AND INCLUSIVE ECONOMY:

We are powering the UK's green economy, including investment and new jobs in offshore energy and battery manufacturing.

We are unlocking inclusive innovation in our businesses by strengthening our links to our world-class health, digital, research, Catapult and innovation assets.

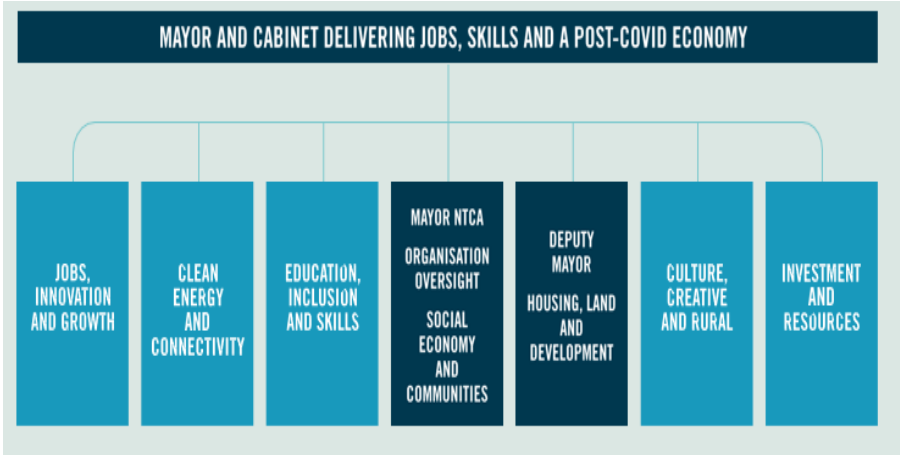
We are seeing an increased commitment to Good Work, which now covers 50,000 employees across more than 100 organisations.

The North East will see the positive benefits from the largest devolution deal in the UK, with £4.2bn of investment.



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 since its establishment, and works together to deliver the biggest social, economic and climate return possible.

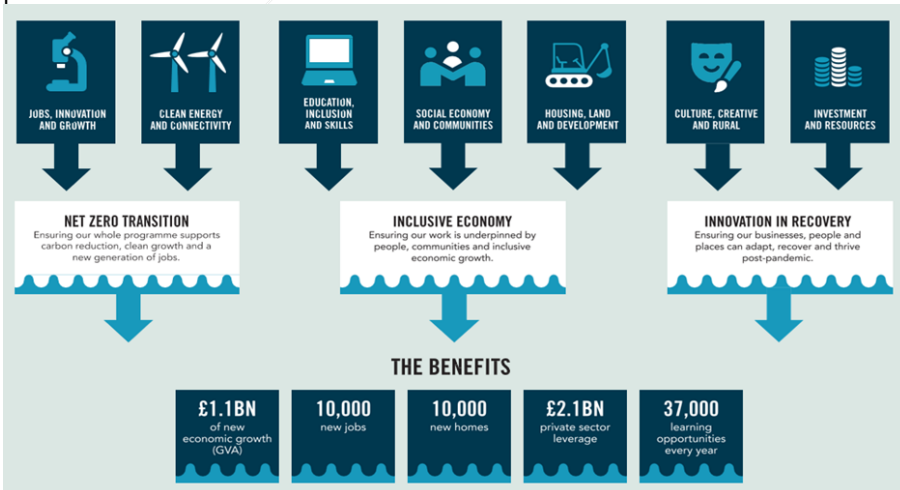


Cabinet Members lead specific portfolios and give collective strategic direction and oversight of NTCA work. This also ensures that local priorities are reflected, and that the connection is maximised between our urban, rural, and coastal geographies and our unique local assets and strengths.

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 does. 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 UK Social Prosperity Fund.

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 covered '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 £118m of this initial tranche has been committed and is in the process of being invested into tangible projects. This has helped attract a further £282m of private sector investment.

Headline Targets

The devolution deal is 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 5,049 projected new jobs already in the pipeline which will turn into real, sustainable careers for our citizens.

Financial Performance of the Combined Authority 2022/23

The financial position of the NTCA as at 31 March 2023 is shown in Table 1 overleaf:

Table 1: 2022/23 Budget Outturn

Summary Outturn 2022/23	Budget 2022/23	Outturn 2022/23	Variance
	£m	£m	£m
Investment Fund Expenditure Budget	45.000	33.776	11.224
Corporate Budget	0	0	0
UK SPF and Multiply	6.963	3.018	3.945
Brownfield Housing	5.552	1.046	4.506
Adult Education Budget	25.192	25.192	0
Bootcamps Wave 3	5.531	3.017	2.514
Total	88.238	66.049	22.189

Corporate Budget Outturn

A more detailed outturn for 2022/23 Corporate Budget is set out below in Table 2.

Table 2: 2022/23 Corporate Budget Outturn

Corporate Budget 2022/2023	2022/2023 Budget	2022/2023 Outturn	Variance
	£m	£m	£m
Expenditure			
Staffing/Secondments	3.393	3.622	0.229
Advisors External	0.100	0.171	0.071
Contribution to Reserves	0.800	1.486	0.686
Other Expenditure	1.103	0.911	(0.192)
SLA with Constituent Authorities	0.285	0.412	0.127
JTC Levy	29.335	29.335	0.000
Gross Expenditure	35.016	35.937	0.921
Income			
Investment Fund Contribution	(2.649)	(2.149)	0.500
Mayoral Capacity Fund	(1.000)	(1.000)	0.000
Contributions from Constituent Authorities	(0.111)	(0.111)	0.000
Levelling up Capacity Grant		(0.625)	(0.625)
Adult Education Budget Contribution	(0.678)	(0.678)	0.000
Bootcamps	-	(0.502)	(0.502)
UKSPF and Multiply Top slice	-	(0.365)	(0.365)
Programme support costs recovered from IF	(0.832)	(0.516)	0.316
Brownfield Housing Programme Costs	(0.104)	(0.104)	0.000
Other Grants and Contributions	(0.132)	(0.050)	0.082
Investment Interest Receivable	(0.175)	(0.502)	(0.327)
JTC Levy	(29.335)	(29.335)	0.000
Gross Income	(35.016)	(35.937)	(0.921)
Net (Income)/Expenditure	0.000	0.000	0.000

Investment Fund Outturn

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

Table 3: 2022/23 Investment Fund Budget Outturn

	2022/2023 Budget	2022/2023 Outturn	Variance
Expenditure	£m	£m	£m
Business Case Development Fund	0.500	0.454	(0.046)
Workstreams	41.600	30.960	(10.640)
Technical Support	0.250	0.213	(0.037)
Corporate Contribution	2.650	2.149	(0.501)
Total Expenditure	45.000	33.776	(11.224)
Income	(20.000)	(20.000)	-
Total Income	(20.000)	(20.000)	0.000
Net (Income)/Expenditure Position	25.000	13.776	11.224

Table 4: Commitment against Investment Fund Thematic Area

	Committed	%Allocated
	£m	%
Business	55.28	46.54
People	19.73	16.61
Place	23.07	19.42
Major Strategic Economic Opportunities	17.23	14.50
Business Case Development Fund	3.48	2.93
	118.79	100.00

The financial performance reported in Table 3 is actual spend against the Investment Fund Plan during 2022/2023, but clearly Table 4 illustrates the significant progress made in decisions and actions to deliver the overall programme. Delivery against the Investment Fund Programme reflects an improvement in project delivery following the impact of Covid-19 which had been felt across the programme in the two previous financial years, where a number of projects re-profiled expenditure into future years.

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Within the Investment Fund outturn figures the following expenditure on projects relate to capital:

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
NU Futures	0.335	1.636	0.028		
North Shields Fish Quay		0.346	1.084	0.242	
Swans Energy Park			2.000		
Spirit of North Tyneside			0.249		
Community Hubs Northumberland		0.010			
CCZ – North Tyneside			0.142	0.657	
Energy Central Learning Hub (ECLH)				1.000	
Northumberland Line Newsham Bridge				5.000	
Berwick CCZ				0.100	
North Bank of the Tyne EZ Phase 1		0.110	0.372	0.317	
North Bank of the Tyne EZ Phase 2				1.000	2.444
Bates Clean Energy Terminal		0.752	1.457	0.113	
Clean Energy Park, Howdon Yard and Quay			2.791	0.038	
Technology Development Centre				1.000	1.000
NEP1 Battle Wharf			0.508	0.741	
Northumbria Healthcare Laundry Facility			0.082		
Neptune & Swans Energy Parks Enabling Work				0.141	
Total	0.335	2.854	8.713	10.349	3.444

In addition to the above capital schemes funded from the NTCA Investment Fund, £15.350m of capital funding was provided by Department of Levelling up Housing and Communities (DLUHC) in March 2023. for spend within 2022/2023 however, slippage into 2023/2024 was allowed due to the late receipt of the notification of funding. Table 5 overleaf shows the three schemes identified for this additional capital spend:

Table 5: £15.350m Capital Funding

Capital Project	Outturn on 31 March 2023 £m
Port of Tyne -Tyne Clean Energy Park	0.745
Sunderland City Council – Sunderland Studio Development	2.119
North Tyneside Council – North Shields Town Square	0.308
	3.172

Brownfield Housing Fund (BHF)

The Brownfield Housing Fund (BHF) was the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least 2000 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. The Brownfield fund is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

An extension to BHF was announced in the Levelling Up White Paper. Mayoral Combined Authorities (MCAs) were awarded £120 million nationally, to be allocated to each MCA based on population. NTCA was awarded £7.96 million, bringing the total amount of BHF funding to £31.820 million.

In terms of approvals to date, NTCA have approved 11 schemes with a total commitment of £23.227m, with a further 4 projects currently going through appraisal valued at £9.264m. These schemes are forecasting the creation of 2133 housing units with the extended pipeline accounting for 2422, this is set against the DLUHC target of 1500. Forecast private sector leverage for the contracted projects stands at £115.95m.

Table 6 shows the projected programme with current allocation of funds.

Table 6: Brownfield Housing Fund Profile

	2020/2021 Actual	2021/2022 Actual	2022/2023 Actual	2023/2024 Forecast	2024/2025 Forecast	Total
	£m	£m	£m	£m	£m	£m
Initial Funding Profile	4.854	8.100	6.700	3.100	1.100	23.854
Extended Funding Profile	0.000	0.000	4.753	2.674	0.524	7.951
Combined Funding Profile	4.854	8.100	11.453	5.774	1.624	31.805
Projected spend as of 31/03/2023	0.916	3.877	5.552	9.388	11.543	31.276
Actual spend as of 31/03/2023	0.636	3.228	1.046			4.910

Overall good progress is being made with the NTCA's Brownfield Housing Programme. The programme is expected to over deliver in terms of outputs and deliver good value for money, with expenditure profiles expected to be completed by March 2025 in line with government's expectations.

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Actual project expenditure was broadly in line with projected expenditure in 2020/2021 and 2021/2022, however, fell below projection in 2022/2023. Schemes delivering early in the programme were selected due to their high level of shovel readiness. Extensive work has been undertaken to progress less well-developed schemes. This is time consuming and consequently a lag between schemes being added to the pipeline and developing to the point they begin to draw down Brownfield Housing Grant funding. Actual expenditure is expected to increase significantly in 2023/2024 as a number of pipeline schemes begin on site works.

UKSPF and Multiply

The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025. The intention of the fund is to invest in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances.

Table 7 below shows expenditure against the first-year profile of UKSPF including Multiply. Confirmation of funding was received late in November 2022 and therefore first year spend.

Table 7: UKSPF and Multiply 2022/23 Outturn

	2022/2023 Budget	2022/2023 Outturn	Variance
Expenditure	£m	£m	£m
Community and Place	2.195	1.563	(0.632)
Supporting Business	3.291	-	(3.291)
People and Skills	-	-	-
Administration top slice (4%)	0.229	0.241	0.012
Total Core UKSPF	5.715	1.804	(3.911)
Multiply Programme	1.123	1.089	(0.034)
Administration top slice (10%)	0.125	0.125	-
Total UKSPF Multiply	1.248	1.214	(0.034)

Adult Education Budget (AEB)

As part of the devolution deal the Adult Education Budget was devolved to the authority with an effective start date of August 2020. This provided the Authority with significant new powers and responsibilities in delivering both Mayoral and Cabinet priorities alongside the national skills agenda and priorities.

NTCA's devolved AEB Budget for the period 1 April 2022 to 31 March 2023 is £23,577,970 plus an additional £1,614,180 for the delegated Free Courses for Jobs Offer. Bringing the total AEB for 2022/2023 to £25,192,450.

2022/2023 is the 3rd and final year of the original AEB framework delivery. The Above devolved AEB Allocation for 2022/2023 has been allocated. However, the Free Courses for Jobs Offer funding allocation is subject to change as reconciliation is finalised with the DfE and providers. Providers AEB delivery plans are monitored at quarterly performance management meetings throughout the year. 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.

Table 8: Adult Education Budget 2022/23

	Budget £m	Actual £m	Variance £m
Grant Awards and Procured Services	22.900	17.932	(4.968)
Delegated Level 3 (Free Courses for Jobs)	1.614	1.281	(0.333)
AEB Transfer to Reserves	0.000	5.301	5.301
Corporate Contribution	0.678	0.678	0.000
Total Expenditure	25.192	25.192	0.000
Devolved AEB	(23.578)	(23.578)	0.000
Delegated Level 3 (Free Courses for Jobs)	(1.614)	(1.614)	0.000
Total Income	(25.192)	(25.192)	0.000

Bootcamps

NTCA have received a grant funding agreement directly from the Department for Education (DfE) for a total of £5.531m to support the delivery of Skills Bootcamps in the NTCA region. This is a significant investment in our region and has the potential to deliver new opportunities to generations of adult who may have been previously left behind. The funding for Bootcamps is allocated on an annual basis and not guaranteed on an ongoing basis, however, NTCA have been allocated £10.530m for Bootcamp Wave 4 in relation to 2023/2024.

Table 9 below shows the 2022/2023 outturn position on Wave 3 Bootcamps.

Table 9: Bootcamps Wave 3 2022/2023 Outturn

	2022/2023 Budget £m	2022/2023 Outturn £m	Variance £m
Bootcamp Wave 3 Procured Services	5.029	1.609	(3.420)
Corporate contribution	0.502	0.202	(300)
Bootcamp Wave 3 c/f to Reserves		1.206	1.206
Total Expenditure	5.531	3.017	(2.514)
Bootcamp Wave 3 Funding	(5.531)	(3.017)	2.514
Total Income	(5.531)	(3.017)	0.000

Reserves

Reserves held at 31 March 2023 are shown in Table 10 below:

Table 10: Reserves held at 31 March 2023

Reserves Statement	2021/2022	Movement (from)/to Reserves	2022/2023
	£m	£m	£m
Preparing to Exit EU	0.051	-	0.051
Strategic Reserve	0.200	-	0.200
Investment Fund Reserve	54.591	(13.776)	40.815
UKSPF including Multiply	-	3.018	3.018
Brownfield Housing Fund	9.088	3.706	12.794
DLUHC Capital Grant 2022/2023	-	12.177	12.177
Create Growth Programme	-	0.425	0.425
Adult Education Budget	3.458	5.301	8.759
Bootcamps Wave 3	-	1.206	1.206
Recovery Contingency Fund	-	0.452	0.452
Strategic Capacity Reserve	-	0.800	0.800
Levelling up Capacity Grant	-	0.125	0.125
Other grant reserves: Kickstart, Bootcamps Wave 2, Defra Rural, Redmond Review, Net Zero North East	-	0.264	0.264
Total General (Useable) Reserves	67.388	13.698	81.086

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Useable Reserves increased in 2022/23 by £13.698m to £81.086m. Key movements in reserves relate to £13.776m planned drawdown of the investment fund. To date £100m Investment Fund monies have been received since 2018/2019 the closing balance on reserve of £40.815m represents spend on Investment Fund delivery of £59.185m (including contribution to the corporate top slice) since inception of the NTCA. UKSPF and Multiply, along with additional Capital Grant £6.963m and £15.350m respectively, were received late in the financial year with £3.945m and £3.173m spent in year with the balance remaining of £3.018m and £12.177m carried forward for delivery in 2023/2024. Adult Education Budget shows a contribution to reserves in 2022/2023, this is partly to pay for the remainder of the academic year delivery, and also some unallocated funding where providers have not met their anticipated level of funding. Bootcamps Wave 3 funding was received in year for 50% of the total allocation (£3.017m) of this £1.811m has been incurred with £1.206m carried forward for future delivery. A reserve has been created from Mayoral Capacity Funding (£1m) for a Strategic Capacity Fund £0.800m for 2023-24 as budgeted.

Borrowing Facilities

During 2021/22 discussions were held with HM Treasury in relation to securing wider Borrowing powers for the Combined Authority alongside a number of other Mayoral Combined Authorities who were not included in previous regulations. A report taken to 30 November 2021 Cabinet gave consent to the HM Treasury to make the

necessary arrangements to include NTCA in the regulations to be laid before Government in January 2022. Confirmation of borrowing powers for NTCA going forward were received in March 2022. The debt cap for each year will be agreed with HM Treasury on an annual basis.

North East Local Enterprise Partnership (NE LEP)

NTCA became the accountable body for the NE LEP on the 1 April 2020, the Statement of Accounts therefore include the income and expenditure and assets and liabilities of the NE LEP.

Table 11: 2022/23 North East LEP Outturn

	Revised Budget 2022/23	Outturn Position 2022/23	(Under)/Over Variance to Revised Budget
Expenditure	£m	£m	£m
Employee Costs	3.294	3.072	(0.222)
Other Core Costs	0.440	0.446	0.006
Programme Operational Costs	4.586	4.399	(0.187)
Contribution to Reserves	-	-	-
Total	8.320	7.917	(0.403)
Income			
Core Funding	(0.375)	(0.375)	0.000
Grants and Programme Funding	(7.478)	(6.970)	0.508
Other Income	(0.490)	(0.572)	(0.082)
Contribution from EZ Reserve	(0.500)	(0.500)	-
Total	(8.843)	(8.417)	0.426
Net Outturn (surplus)	(0.523)	(0.500)	0.023
Reserves Brought Forward	(0.701)	(0.701)	0.000
Reserves Carry Forward	(1.224)	(1.201)	0.022

The North East LEP brings together business leaders, universities and the Leaders and the Elected Mayor of the seven local authorities in the North East LEP area. It is the fourth largest LEP in the country. 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 LEP core budget for 2022/23 covers core operational activity of the LEP and also management of the Local Growth Fund (legacy programme funding), Getting Building Fund (legacy programme funding), NEIF and Enterprise Zone (EZ) programmes.

The Local Growth Fund (LGF) programme has achieved good outputs during the year with almost 2,200 jobs, 70,000sqm of new and refurbished floorspace created and £81m of 'follow on' private sector investment delivered on key employment sites across the North East including the International Advanced Manufacturing Park, Sunderland, East Pilgrim Street Newcastle and the Integra 61 employment site in County Durham.

Of the 20 projects in the Getting Building Fund (GBF) programme, three have residual grant budget allocations that have slipped into 2023/24 totalling £1.44m. Local funding from the NEIF/EZ account will be used to monitor and report on programme performance in 2023/24 and 2024/25. Though it is expected that the remaining GBF funds will be claimed by the end of Quarter 2 2023/24, several project will not financially complete until early 2024.

North East Investment Fund (NEIF)

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. The NEIF initial allocation was made up of £25m Growing Places Fund (GPF) and £30m Regional Growth Fund (RGF). The Regional Growth Fund had originally tighter restrictions on the use of funding, however, the North East LEP has worked with central government on closing the original RGF Programme and releasing the funding to be used to support the Commercial Property Development Fund (CPIF).

Enterprise Zones

Round 1 Enterprise Zones (EZ) 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 with 2022/23 being the tenth year of the Round 1 EZ 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 fifth year of the round 2 sites life. Ramparts (Northumberland), and Follingsby North (Gateshead) have generated Business Rates Growth Income during 2022/23 as the result of occupation on parts of the sites.

The 2022/23 EZ Account provisional Outturn figures are summarised in Table 12 overleaf, which shows business rate income in 2022/23 of £7.1m for the year, which is significantly higher than the previous year. This is mainly because of the rates income from previous years for buildings on two of the EZ sites (Newcastle International Airport and the Follingsby EZ sites) has only recently been received and the figures include some backdated income in respect of previous years.

Table 12: Enterprise Zone Outturn Position 2022/23

	2021/22 Actual £000	2022/23 Estimate £000	2022/23 Outturn £000	2022/23 Variation £000
<u>ROUND 1 EZ SCHEMES</u>				
Newcastle - Neptune Yard	543.1	530.9	509.9	(21.0)
North Tyneside - Swans	199.0	207.6	230.7	23.1
Northumberland - Blyth Port / Estuary	316.4	353.0	381.3	28.3
Sunderland A19 Corridor	830.7	764.0	826.1	62.1
<u>ROUND 2 EZ SCHEMES</u>				
Durham - Jade	185.1	248.9	276.6	27.7
Gateshead - Follingsby	258.6	3,475.0	4,123.9	648.9
Newcastle - International Airport	-	213.7	247.1	33.4
Northumberland - Ashwood Business Park	-	-	-	0.0
Northumberland - Ramparts (Berwick)	61.1	49.0	40.6	(8.4)
South Tyneside - Tyne Dock	-	-	-	0.0
Sunderland/ South Tyneside IAMP	927.9	525.2	500.7	(24.5)
TOTAL BRGI	3,321.8	6,367.3	7,136.9	769.7
Interest	15.0	150.0	53.3	(96.7)
Total Income	3,336.8	6,517.3	7,190.3	673.0
<u>Expenditure</u>				
Capital Financing Costs	2,170.7	2,832.0	2,832.0	-
Revenue Operating Costs	95.5	108.0	108.0	-
Contribution to INEE Team Costs	157.0	241.0	208.3	(32.7)
Total Costs	2,423.2	3,181.0	3,148.3	(32.3)
Annual Surplus	913.6	3,336.3	4,042.0	705.7
Cumulative Surplus	4,568.6	7,904.9	8,610.6	705.3
<u>Use of the Surplus</u>				
- Fund LEP Core Costs		(500.0)	(500.0)	-
- Project Development Fund		(885.8)	(706.0)	179.8
Residual Surplus balance	4,568.6	6,519.1	7,404.2	885.1

Invest North East England (INEE)

The NTCA became the accountable body for Invest North East England in 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

Narrative Statement

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

2021/22 was a record year for inward investment in the North East with the region out-performing every region in the UK, including London, on jobs created by foreign direct investment (FDI) per 100,000 working-age population (a calculation allowing regions of different sizes to be compared). Over 8,000 jobs were created through FDI and UK investments.

Successes in 2022/23 have been more modest. With the figures still to be finalised, around 1,900 jobs have been created in the region, the vast majority of these coming from FDI. Digital technology investments have been particularly evident, focused mainly in Newcastle. There have been significant investments in advanced manufacturing and renewable energy throughout the region, although it was a very quiet year for business services following a bumper year in 2021/22.

INEE currently has a very healthy project and visit pipeline which it hopes to secure investments in 2023/24. The team is focusing particularly on electrification projects, renewables, digital technology and advanced manufacturing with some very exciting and strategic investments on the horizon.

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Table 13: Invest North East England 2022/23 Outturn Position

	2022/23 Original Budget	2022/23 Outturn	Variance	2023/24 Proposed Budget
Expenditure	£	£	£	£
Salaries	237,000	221,586	(15,414)	237,000
Staff Training	1,000	-	(1,000)	1,000
Travel and Subsistence	5,000	6,837	1,837	10,000
Web, Telecoms, Computers	8,000	5,837	(2,163)	16,000
Marketing/Coms/Events	90,000	64,878	(25,122)	90,000
Membership Fees	3,000	2,985	(16)	3,000
Professional Consultancy	8,000	13,700	5,700	8,000
Lead Generation	93,000	25,000	(68,000)	80,000
Research Resource Licenses	15,000	15,000	0	15,000
Gross Expenditure	460,000	355,822	(104,178)	460,000
Income				
Local Authority Contributions	(140,000)	(140,000)	0	(140,000)
EZ Contribution	(313,000)	(208,682)	104,318	(313,000)
Private Sector Contribution	(7,000)	(7,140)	(140)	(7,000)
Gross Income	(460,000)	(355,822)	104,178	(460,000)
Net Budget	0	0	0	0

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, 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. The Comprehensive Income & Expenditure Statement is showing a surplus of (£62.993m) for the year ended 31 March 2023.

Balance Sheet

The Balance Sheet is set out within the main Statement of Accounts. The net assets of the Combined Authority are £297.330m for the year ended 31 March 2023 and are financed by Usable Reserves of £246.703m and Unusable Reserves of £50.627m. 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.

During the year Nexus invested £169.9m 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 £840.3m, 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 2023 allocated between the two Combined Authorities in proportion to their relative share of Tyne and Wear Population – 55.26% in the NECA accounts and 44.74% in the NTCA accounts.

Non-Financial Performance of the Authority

Investment Fund non-financial performance

The Investment Fund sets out costs associated with the development, management and delivery of projects to be funded through the Investment Fund. In common with other long-term devolved Investment Funds, the North of Tyne Investment Fund (NTIF) was subject to a five-yearly Gateway Review by Government. The first five-year review of the NTIF was March 2022/2023 which NTCA have now received confirmation that they have passed successfully, with quotes from senior economic development stakeholders stating:

“The NTCA and NTIF are a unifying force which allows us to deliver [social and economic] benefits and

'NTIF has enabled more and larger investment decisions to be made in the region, based on local knowledge and a long-term plan'

At the end of financial year 2022/2023 the Investment Fund total commitments stood at £118.79m against 141 approved projects. A strong pipeline of high-quality projects is in place 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.

- These projects will attract £292.015m of private sector leverage and are forecast to deliver 5,049 new jobs based on current commitments against a target of 10,000. The number of forecast jobs directly safeguarded is 3,277.
- Of these, a total of 1,288 jobs have been created, in addition 1,783 have been reported as safeguarded.
- 2,390 Businesses supported with advice and guidance
- 207 schools involved in tackling child poverty and inequality in attainment

Brownfield Housing non-financial performance

Projects

- Total value of commitments £19.749m against 10 approved projects with a further 4 projects going through appraisal valued at £11.220m.
- £4.941m claimed cumulatively to date.
- Total fund Value is £31.82m (Inc. £7.976m additional funding).
- Value of current pipeline which has passed the gateway review is £31.28m

Outputs

- Approved projects are forecasting the creation of 1805 housing units with the extended pipeline accounting for a further 620. Our contracted target with DLUHC is 1500.
- In addition, contracted projects will remediate 44ha of Brownfield land which will be either reclaimed re-developed or resembled.

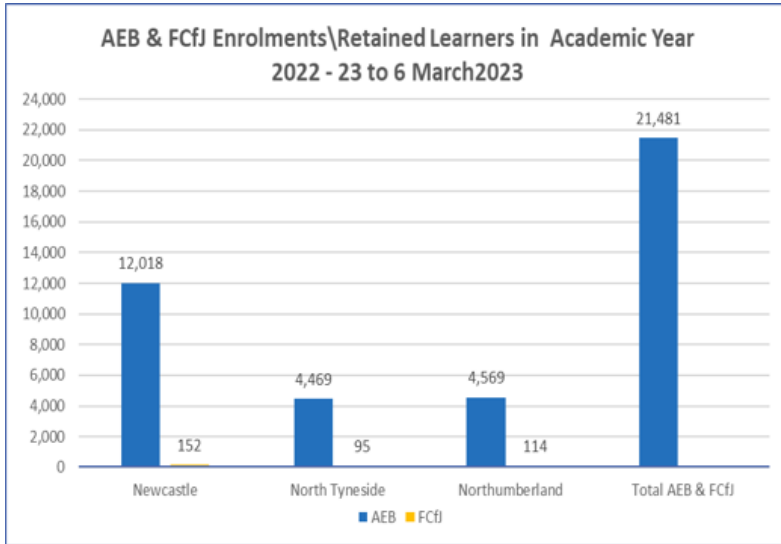
Private Sector Leverage

- Forecast private sector leverage for the 11 approved projects stands at £115m

Adult Education Budget (AEB) non-financial performance

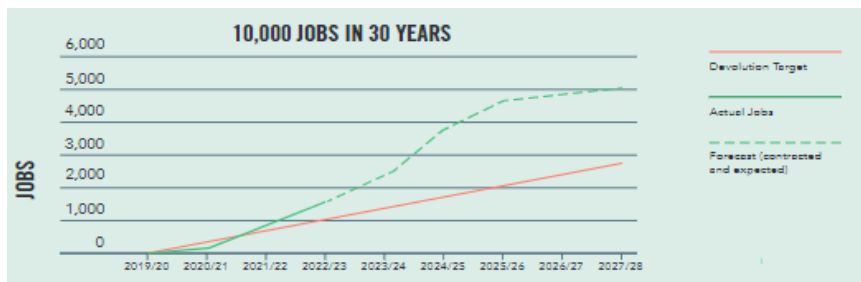
Outputs

- This is the 3rd and final year of the original AEB framework delivery.
- The above devolved AEB Allocation for AY 2022-23 has been allocated and delivery has been underway from 1st August 2022.
- From 1st August 2022 to 6th March 2023 a total of 21,481 learning opportunities were being delivered. This total is made up of a combination of new enrolments (20,459) and some learners retained in learning from the previous academic year. The chart overleaf shows the breakdown of learning opportunities delivered per constituent North of Tyne authority.









Key Priorities and Up and Coming Milestones

The Devolution Deal committed North of Tyne Combined Authority to adding an additional £1.1bn to GVA (Gross Value Added) to the economy, delivering 10,000 new jobs and leveraging over £2.1bn private sector investment. This is a 'job-a-day' through the lifetime of the deal, with every £1 invested generating £3.50 of private sector investment.



Delivery activity outlined below is an evolution of our programme, from the original Devolution Deal through to post-covid renewal plans.

Narrative Statement

 <p>JOBS, INNOVATION AND GROWTH</p>	<ul style="list-style-type: none"> • A Green New Deal Fund which will deliver game-changing investment in green jobs • Bold investment in our digital economy, supporting jobs, growth and inclusion • Investment to secure our recovery from Covid through economic and public service innovation
 <p>CLEAN ENERGY AND CONNECTIVITY</p>	<ul style="list-style-type: none"> • Multi-million pound investments into offshore wind infrastructure and supply chains • Connecting rural communities to super-fast broadband • Ensuring the Northumberland train line investment creates a corridor of jobs, skills and prosperity
 <p>EDUCATION, INCLUSION AND SKILLS</p>	<ul style="list-style-type: none"> • Delivering great adult education that supports learners back into work and opportunity • Shaping the skills of the future in partnership with our employers, colleges and providers • Delivering targeted, bespoke interventions to help young and vulnerable people into work
 <p>SOCIAL ECONOMY AND COMMUNITIES</p>	<ul style="list-style-type: none"> • Creating real opportunities for citizens to influence policy and shape our net zero goals • Helping more employers to create opportunities for 'Good Work' • Becoming the exemplar Combined Authority in support of new zero investment and transition to a green economy
 <p>HOUSING, LAND AND DEVELOPMENT</p>	<ul style="list-style-type: none"> • Delivering more new homes through investing in brownfield sites • Delivering a sustainable housing and infrastructure plan to underpin our places • Investing in critical regeneration priorities and our capacity to reduce carbon from housing
 <p>CULTURE, CREATIVE AND RURAL</p>	<ul style="list-style-type: none"> • Investing in the future of our creative sector through our Culture and Creative Innovation Fund • Delivering a pipeline of major events to bring people together and help our places recover • Investing in innovation and connectivity to support our rural SMEs

Significant issues relating to 2023/24 and beyond

2023/24 is a unique and important year for the North of Tyne Combined Authority being the year in which it will transition into the new arrangements reflecting the signing a wider North East Devolution Deal.

On 28th December 2022, the seven North East Authorities (Durham County Council, Gateshead Council, Newcastle City Council, North Tyneside Council, Northumberland County Council, South Tyneside Council and Sunderland City Council) agreed a "minded to" devolution deal with HM Government.

The devolution deal sets out £4.2bn of government investment, which will be subject to local decision making, enabling spend on local priorities, together with a range of devolved functions. The deal is subject to the creation of a new mayoral combined authority involving all of the seven North East authorities.

It is expected to create 24,000 extra jobs, generate 70,000 courses to give people the skills to get good jobs and leverage £5.0 billion of private sector investment.

Narrative Statement

The new mayoral combined authority will cover an area which is home to around 2 million people and will have the power to make decisions on areas such as transport, skills, housing, finance and economic development.

The deal includes:

- **An investment fund of £1.4bn, or £48m a year**, to support inclusive economic growth and support our regeneration priorities
- **An indicative budget of around £1.8bn, or £60m a year**, for adult education and skills – to meet local skills priorities and improve opportunities for residents
- **A £900m package of investment to transform our transport system**, with £563m from the City Regional Sustainable Transport Fund, on top of funding already announced for our buses and metro system
- **£69m of investment in housing and regeneration**, unlocking sites to bring forward new housing and commercial development

In order to establish the new regional NEMCA, the existing combined authorities – NTCA and NEMCA – will need to be abolished. The Mayor and Cabinet of NTCA and the Leadership Board of NECA will therefore also need to consent to the statutory order which provides for their abolition and the creation of NEMCA. It is envisaged that the existing combined authorities would be abolished and NEMCA established simultaneously when the elected mayor for NEMCA takes office in early May 2024.

The statutory order is expected to provide appropriate continuity and transitional arrangements so that any acts of the existing combined authorities are to be treated as the acts of the new mayoral combined authority. The order is also to provide for the staffing, assets, rights and liabilities of the existing combined authorities to transfer to NEMCA. This will ensure that the existing funding programmes of NTCA and the regional transport arrangements which are currently overseen by the Joint Transport Committee are maintained by the NEMCA without interruption. For this reason, it is considered appropriate, in line with the Code of Practice on Local Authority Accounting, for these accounts to be prepared on a going concern basis. Officers from both combined authorities and the local authorities are liaising on the operational requirements of the transition.

Explanation of Accounting Statements included within the 2022/23 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) 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 2018 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.

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 2022/23 accounts the mid-year estimated population published by the Office of National Statistics as at June 2020 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 2023 is shown in Table 14 overpage.

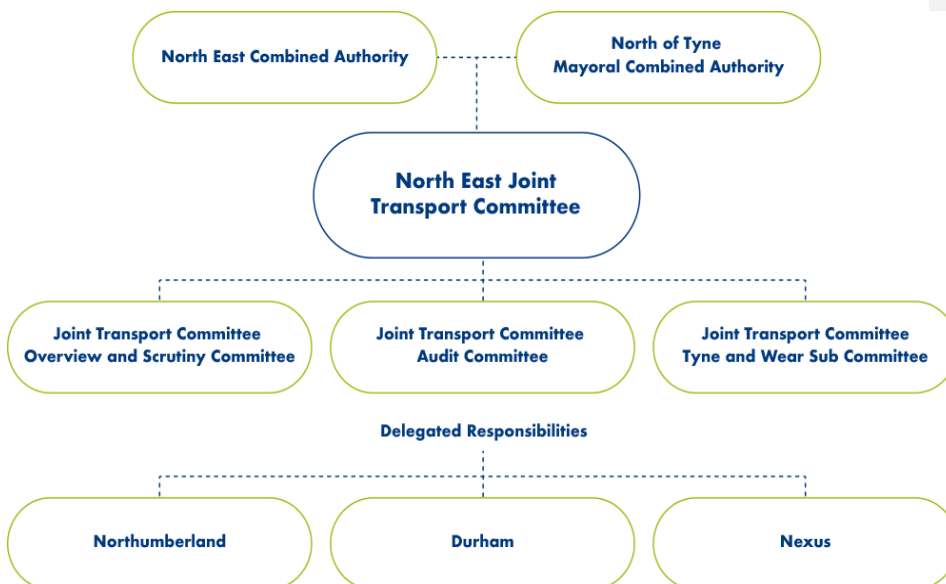
Table 14: Population used to allocate Transport Assets/Liabilities between NECA and NTCA

	Mid-Year 2019 Population People	Proportion Proportion
NECA		
- Gateshead	202,055	
- South Tyneside	150,976	
- Sunderland	277,705	
	630,736	0.55257
NTCA		
- Newcastle	302,820	
- North Tyneside	207,913	
	510,733	0.44743
Tyne and Wear Total	1,141,469	

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 2 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 below:



Transport

Tyne Tunnels 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 Combined 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 Combined Authority.

Table 15 shows Tyne Tunnel Flow data for 2022/23.

Table 15: Tyne Tunnel Traffic Flow data

	Class 1	Class 2	Class 3	Exempt	Total
2022/23	80,736	16,848,793	1,054,301	508,011	18,491,841
2021/22	102,536	14,371,810	931,608	472,178	15,878,132
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 3.5 tonnes; Class 3 = LGV, Van or Bus more than 3.5 tonnes Exempt = emergency vehicles and blue badge holders

The tolls were increased in line with inflation on 11 April 2022 from £3.70 to £3.90 for Class 3 vehicles. There was no increase for Class 2 vehicles during the 2022/23 financial year.

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 2022/23.

- The number of passenger journeys across all modes within Tyne and Wear in 2022/23 was estimated at 123.4 million, a 15.4% increase when compared to the 106.9 million in the previous year and a 20.1% decline when compared to 154.5 million in 2019/20.
 - Bus patronage was 92.1 million in 2022/23; a 13.1% increase when compared to 81.4 million in the previous year and a 22.9% decline when compared to 119.4 million in 2019/20.
 - Metro patronage was 29.3 million in 2022/23; a 21.1% increase when compared to 24.2 million in the previous year and a 11.5% decline when compared to 33.1 million in 2019/20.

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- Ferry patronage was 0.292 million passengers in 2022/23; an 8.6% increase when compared to 0.269 million journeys in the previous year and 8.3% decline when compared to 0.353 million journeys in 2019/20.
- Rail patronage was 1.695 million journeys in 2022/23; a 54.1% increase when compared to 1.1 million journeys in the previous year and a 12.6% decline when compared to 1.94 million journeys in 2019/20.
- Metro reliability (operated mileage) was 94.6% during 2022/23, a decrease of 0.7% versus the figure of 95.3% achieved in the previous year.
- Metro reliability (Charter punctuality) was 81.7% during 2022/23, a decrease of 2.4% on the 81.4% achieved in the previous year.

Annual Governance Statement

To accompany the Narrative Report and Statement of Accounts, the leadership of the Combined Authority prepares an Annual Governance Statement that sets out the principal arrangements that operate to ensure proper governance of the Combined 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 124 staff employed by the Combined Authority, including North East LEP and Invest North East England.

Table 16: Change in Staffing numbers during 2022/23

	Corporate Employees at the year end	North East LEP Employees at year end	Invest North East Employees at year end	Total NTCA Employees at year end
2022/23	71	50	3	124
2021/22	62	59	4	125
2020/21	48	62	3	113
2019/20	34	-	-	34
2018/19	1	-	-	1

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 Combined 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)