

Cabinet

11 June 2024

(2.00pm)

Meeting held in: The Whickham Room, Civic Centre, Gateshead

Minutes

Present: Mayor Kim McGuinness (Chair)
Councillor Richard Bell
Martin Brookes
Councillor Tracey Dixon
Councillor Martin Gannon
Councillor Nick Kemp
Councillor Claire Rowntree
Dame Norma Redfearn DBE
Councillor Glen Sanderson
Lucy Winskell OBE

C8/6/24 Apologies for Absence and Substitutes

Apologies for absence were received from Councillor Amanda Hopgood. Councillor Richard Bell attended the meeting as her substitute.

C9/6/24 Declarations of Interest

There were no declarations of interest.

C10/6/24 Mayor's Announcements

Mayor Kim McGuinness extended a warm welcome to Martin Brookes, Chief Executive of Voluntary Organisations Network North East (VONNE), who was to be appointed CVS (Community and Voluntary Sector) Cabinet Member. She also announced that she had appointed Councillor Martin Gannon as Deputy Mayor and expressed her thanks to Dame Norma Redfearn DBE for steering the leadership group through the devolution process as Deputy Mayor of the North of Tyne Combined Authority.

C11/6/24 Minutes

Resolved that the minutes of the previous meeting held on 7 May 2024 be confirmed and signed by the Mayor as a correct record.

C12/6/24 Appointments to Cabinet, Committees and other bodies

The Cabinet considered a report from the Monitoring Officer in relation to the appointment of members to the Cabinet, the Authority's committees and other bodies.

Since the previous meeting of Cabinet Newcastle City Council had appointed Councillor Alex Hay as a Substitute Cabinet Member, South Tyneside Council had appointed Councillor Jane Carter as a Substitute Cabinet Member; and Sunderland City Council had appointed Councillor Michael Mordey as a Cabinet Member and Councillor Kelly Chequer as a Substitute Cabinet Member.

Following discussions with representatives of the voluntary and community sector, it was proposed that the incoming Chief Executive of the Voluntary Organisations Network North East (VONNE), Martin Brookes, be appointed as the CVS Cabinet Member.

The report contained proposals in relation to the allocation of Cabinet portfolios, a schedule of meetings for the year ahead and the appointment of the Overview and Scrutiny Committee (OSC) and the Audit and Standards Committee (ASC) reflecting political balance across the region as a whole. The Cabinet were advised that the Chair of the OSC must be an 'appropriate person', which meant an elected member from a political party other than that of the Mayor.

The positions of Independent Chair of the Audit and Standards Committee and Independent Person for the purposes of the standards regime had been advertised and applicants interviewed. As a result, it was proposed that Dave Willis OBE be appointed as Chair of the ASC and Mr Eric Richards be appointed as an Independent Person. Both appointments were to be for an initial term of 2 years with an option to extend the term for a period of two further years.

As a constituent authority of Transport for the North (TfN), the Authority was entitled to appoint elected members to various TfN boards and committees.

Resolved that:

- (1) the appointment of Councillor Michael Mordey as a Cabinet Member and Councillors Kelly Chequer, Alexander Hay and Jane Carter as Substitute Cabinet Members be noted;
- (2) the appointment of Martin Gannon as the Deputy Mayor be noted;
- (3) the allocation of Cabinet portfolios as set out in Appendix 1 of the report of the Monitoring Officer and the schedule of meetings for the municipal year 2024/25 as set out in Appendix 2 be approved;
- (4) Martin Brookes be appointed as the CVS Cabinet Member;
- (5) the Chief Executive be authorised to undertake a process to review the Business Board membership and the proposed appointments be reported to Cabinet for decision at a future meeting;
- (6) the membership of the Overview and Scrutiny Committee as set out in Appendix 3 of the report of the Monitoring Officer be approved;
- (7) Councillor Colin Ferguson be appointed as Chair of Overview and Scrutiny Committee;
- (8) David Willis OBE be appointed as the independent co-opted member and Chair of the Audit and Standards Committee;
- (9) the membership of the Audit and Standards Committee as set out in Appendix 4 of the Monitoring Officer's report, and including the appointment of Councillor Alison Smith as a substitute member by Sunderland City Council, be approved;
- (10) Eric Richards be appointed as the Independent Person for the purposes of the standards regime; and
- (11) the appointment of members and substitute members to the Transport for the North's Board, Partnership Board, Rail North Committee and General Purposes Committee as set out in Section 5 of the Monitoring Officer's report be approved and Councillor Colin Ferguson be appointed as member, and Councillor Tracey Dixon be appointed substitute member, of the TfN Scrutiny Committee.

C13/6/24 North East Deeper Devolution Deal – Ratification and Next Steps

The North East Deeper Devolution Deal, had been negotiated by North East Leaders and announced on 6 March 2024. The Cabinet considered a report from the Chief Executive seeking ratification of the Deal and approval to progress delivery of some time critical elements of the Deal.

The Deeper Devolution Deal provided the Authority with new tools to unlock key inclusive growth opportunities in the region, building on the powers and funding secured through the first Devolution Deal. This included increased powers and influence over a number of key policy areas, whilst also bringing forward £35m of new capital and £2m of revenue funding, plus a new Growth Zone at Sunderland Riverside – with a combined expected impact value of at least £100m. In addition, the Deal closed the gap in capital funding for Metro maintenance funding in 2025/26 and 2026/27.

The Mayor congratulated leaders for securing with Government the Deeper Devolution Deal. She welcomed the additional powers and funding as a good start and hoped that the region could secure further devolution in the future. The business sector had indicated its support for the Deal and it was acknowledged that businesses would invest when there were clear plans, ambitions and certainty in the region, particularly in new and emerging sectors.

Resolved that:

- (1) the North East Deeper Devolution Deal be approved;
- (2) the positive progress in developing the Deal's priorities be noted;
- (3) £5m of funding allocated by Government for site remediation at the Health Innovation Neighbourhood to Newcastle University, as set out within the Deal, be approved;
- (4) delegated authority be granted to the Chief Executive, in consultation with the Mayor, relevant Portfolio Holders and the Finance and Investment Board, to approve final business cases for the Sunderland Riverside and Forth Yards sites, of up to £25m and £5m respectively, drawn from funding conferred as part of the Deeper Devolution Deal;
- (5) delegated authority be granted to the Director of Finance and Investment, working closely with colleagues at Sunderland City Council, to complete necessary documentation with Government for the North East Growth Zone at the Riverside Sunderland site, and to agree a subsequent Memorandum of Understanding (MOU) with Sunderland City Council for the use of retained Business Rates;
- (6) the Director of Finance and Investment, in collaboration with the Director of Finance at Sunderland City Council, be requested to bring forward a proposal for further investment into the Crown Works Studios project, reflecting the transformational opportunity it provides; and
- (7) delegated authority be granted to the Chief Executive and Director of Finance and Investment to finalise arrangements associated with delivery of other aspects of the Deeper Devolution Deal, including for the £2m of Revenue Funding, in line with the Combined Authority's normal processes.

C14/6/24 Early Funding Decisions and Investments

The Cabinet considered a report from the Chief Executive setting out a series of recommendations in order for time-sensitive investments and funding arrangements to be delivered.

The report sought approval for initial transport investments relating to the procurement of 92 electric vehicle charging points and the provision of 95 zero emission buses and associated infrastructure to be delivered by local bus operators. The funding for the decarbonisation of transport had previously been awarded to the Joint Transport Committee, the North East CA's predecessor for transport governance.

The North East Screen Industries Partnership (NESIP) had been established as a joint venture formed by combined and local authorities in the region and the BBC to facilitate the strategic development of the television and screen industry in the region. At the time the NESIP was

established, funding was provided from a combination of local and combined authorities. The establishment of the North East CA provided an opportunity to consolidate the approach to funding and Cabinet were asked to approve £2.528m of Investment Funds to cover the North East area contribution in full up to March 2027.

The North East CA already delivered a range of interventions to target child poverty and educational disadvantage through dedicated programmes within schools and to support families in communities where child poverty was prominent. To ensure equity of provision, the North East Devolution Deal included a commitment to extend these programmes across the whole of the North East to reduce inequalities and build on learning from earlier initiatives. Cabinet was therefore asked to approve an allocation of £2.4m of investment funds to allow programmes to benefit schools, families, children and young people across all the North East CA constituent authorities for the academic year 2024/25 and authorise officers to approve the final business case and associated funding.

Resolved that:

- (1) the investment set out below be approved in principle and delegated authority be granted to the Chief Executive to enter into the relevant agreements as required, in accordance with the Single Assurance Framework:
 - a) £3.211 million to procure electric vehicle charging infrastructure, of which £1.1 million is to be spent by the North East CA through contract awards, and £2.111 million is to be spent by Constituent Authorities through Grant Funding Agreements.
 - b) £17.635 million for the provision of zero emission buses and associated infrastructure to be delivered by local bus operators through Grant Funding Agreements.
- (2) £2.528m of Investment Funds to cover the North East area contribution to the North East Screen Industries Partnerships in full up to March 2027 be approved.
- (3) an allocation of up to £2.4m of Investment Funds be approved to extend the North East CA child poverty and education improvement programmes to benefit schools, families, children and young people across all North East CA constituent authorities for the academic year 2024/25, beginning in September; and the Chief Executive, in consultation with the Cabinet Member for the Education, Skills and Inclusion Portfolio, be authorised to approve the final business case and associated funding.

C15/6/24 North East Combined Authority Equality Objectives

The North East CA was required to comply with the public sector equality duty (PSED). The duty ensured that public bodies thought about how they could improve society and promote equality in every aspect of their day-to-day business. The PSED required the Authority to publish equality objectives to help focus attention on the priority equality issues for the organisation.

The Cabinet considered a report from the Chief Executive which set out proposed equality objectives for the first year of the Authority's operation in 2024/25. These were structured to reflect the different roles of the Authority as an employer; a commissioner and deliverer of services; and a civic leader. Throughout the year a full programme of evidence based work would be undertaken to inform a set of longer term equality objectives to be agreed by Cabinet in May 2025.

Resolved that the equality objectives as set out in Appendix 1 of the Chief Executive's report be adopted.

C16/6/24 North East Combined Authority Borrowing Powers

The North East Devolution Deal envisaged that the North East CA would have borrowing powers to support its functions. Borrowing powers for its transport functions were included in the legal order which created the Authority. However, legislative procedures meant that the borrowing powers for other functions would have to be conferred on the North East CA by a separate set of regulations.

The North East CA and its constituent councils were required to provide their consent before the regulations could be made.

The North East CA was also required to agree a debt cap with HM Treasury to limit the amount of borrowing which the North East CA could undertake in 2024/25 and to give an outline of the type of activity which the North East CA may want to use its borrowing powers to support. In January 2024 both the North of Tyne Combined Authority and the non-Mayoral North East Combined Authority agreed in principle a draft 2024-25 budget for the North East CA which included an indicative borrowing for the North East CA of £50 million together with a set of financial principles. It was therefore proposed that a debt cap of up to £50m be agreed with central government as the maximum borrowing which the North East CA could undertake for non-transport activity during 2024/25.

Resolved that:

- (1) Cabinet gives its consent to the making by central government of regulations to provide the North East CA with borrowing powers in respect of its functions which do not relate to transport;
- (2) a debt cap of up to £50m be agreed with central government as the maximum borrowing which the North East CA can undertake for non-transport activity during 2024/25; and
- (3) the Chief Executive, the Director of Finance and Investment and the Monitoring Officer, in consultation with the Mayor, be authorised to take all necessary steps to give effect to the recommendations above.

C17/6/24 Former NECA Statement of Accounts 2022-23

The Cabinet considered the Statement of Accounts of the former North East Combined Authority (NECA) for 2022/23 which set out the financial performance of the former NECA for the year ended 31 March 2023 and its financial position at that date. The accounts reflected the fact that, the former NECA and North of Tyne Combined Authority had jointly held transport assets and exercised transport functions jointly through the former Joint Transport Committee (JTC).

The Cabinet was presented with the Audit Completion Report 2022/23. The audit work was substantially complete and there were no matters of which the auditors were aware that would require modification of their audit opinion. The auditors anticipated issuing an unqualified opinion, without modification, on the financial statements. The report also confirmed that work on Value for Money was complete and there were no significant weaknesses to report in relation to the arrangements that NECA had put in place to secure economy, efficiency and effectiveness in its use of resources. The external auditors did not identify any internal control recommendations in respect of 2022/23 and internal control recommendations in respect of earlier years were completed.

The draft Auditor's Annual Report was also presented to Cabinet. This summarised the work undertaken by Mazars as auditor for NECA for the year ended 31 March 2023, and would be finalised when the audit opinion was issued, anticipated to be on 11 June 2024.

Resolved that:

- (1) the Audit Completion Report and the draft Auditor's Annual Report be noted.
- (2) the Statement of Accounts 2022/23, including the Narrative Report be approved; and
- (3) the Director of Finance and Investment, in consultation with the Mayor and Chief Executive, be authorised to agree any final amendments or changes to the former NECA 2022/23 Statement of Accounts and Narrative Report arising from the completion of the audit by the external auditors.

C18/6/24 Devolution of the Adult Education Budget

Councillor Tracey Dixon, Cabinet Member for Education, Inclusion and Skills, presented a report which provided an update on progress relating to devolution of the Adult Education Budget (AEB) and set out the proposed approach to commissioning AEB funded provision for North East CA residents for the academic year 2024/25. The North East CA's overall devolved AEB for the period 1st August 2024 to 31st July 2025 was £69.1m. The principal purpose of the AEB was to engage adults and provide them with the skills needed for entering and sustaining work, an apprenticeship or other further learning.

The planned approach to commission the AEB funds was via two routes:

- a) Establishing funding agreements with in-scope grant providers. In scope grant providers included: a) those who are wholly or mainly funded by the public purse; b) are currently grant funded; c) have an established place-based approach which supports North East CA priorities; and d) deliver significant volumes of activity within the North East CA region and support existing travel to learn patterns (e.g. further education colleges and local authorities). This approach would provide stability for residents and ensure that appropriate levels of statutory entitlement provision and community learning was available.
- b) Securing the remaining AEB funds via an open and competitive procurement process open to all skills providers. This would provide a sustainable and responsive skills offer aligned to specific, localised skills needs which would maximise employment opportunity for North East CA residents. This would also enable North East CA to test and pilot innovative new methods of delivery. This approach provided the opportunity to join up the area's skills and training offer, reduce duplication and reach communities most disadvantaged.

The report included detailed proposals for establishing funding agreements and awarding contracts for services. Cabinet also considered the proposed transitional and performance management arrangements, a proposed approach to making full use of the freedoms and flexibilities afforded by devolution of the AEB in relation to its funding rules, rates, and eligibility criteria and how the impact of the commissioning would be monitored and assessed.

In considering the report the Cabinet emphasised the importance of ensuring quality in the delivery of AEB funded provision and the need to deliver locally and flexibly to meet demands. Reference was also made to the ambition to extend the North East CA's activity to include post 16 provision and to tackle the barriers to training created by a lack of access to childcare.

Resolved that:

- (1) the proposal as set out in paragraph 3.1 of the report of the Head of Skills and Inclusion that 15 providers detailed in Appendix 1 of the report are classified as 'in scope' grant providers be approved and the North East CA continue to grant fund them for delivery of the Adult Education Budget (AEB) for the academic year 2024-25 to the value of the AEB allocations that they were in receipt of in the academic year 2022-23. This will result in 15 Grant Funding Agreements with an overall value of £47,125,157, circa 74% of North East CA's AEB funding.
- (2) the proposal as set out in paragraph 3.2 of the report of the Head of Skills and Inclusion to grant fund the 15 providers detailed in Appendix 1 for the delivery of Free Courses for Jobs (FCFJ) for the academic year 2024-25 to the value of the FCFJ allocations that they were in receipt of in the academic year 2022-23 be approved. This will result in 15 Grant Funding Agreements with an overall value of £2,620,976, circa 66% of North East CA's FCFJ funding.
- (3) the proposal set out in paragraph 4.6 of the report of the Head of Skills and Inclusion to award contract for services to those providers ranked from the highest evaluation score to the lowest, up to the Lot funding values detailed in Appendix 4 of the report be approved. This will result in 24 contracts for service awards in Lot 1 AEB with an overall value of £15,815,680 and 6 contract for service awards in Lot 2 Free Courses for Jobs with an overall value of £1,997,532.
- (4) the recommendation set out in paragraph 6.4 of the report of the Head of Skills and Inclusion be approved to utilise circa £2.5m of reserve funding to support transition during the first year of delivery of the AEB and make such approvals as it considers appropriate.

- (5) the approach to performance management of the devolved AEB set out in paragraphs 7.1 to 7.5 of the report of the Head of Skills and Inclusion be endorsed;
- (6) the approach to devolved AEB flexibilities as set out in paragraphs 8.1 to 8.5 of the report of the Head of Skills and Inclusion be endorsed;
- (7) the proposed next steps to devolved AEB as set out in paragraphs 9.1 to 9.2 of the report of the Head of Skills and Inclusion be endorsed.