

Cabinet

17 September 2024

(2.00pm)

Meeting held in: Quadrant, Cobalt Business Park, North Tyneside

Minutes

Present: Mayor Kim McGuinness (Chair)
Martin Brookes
Councillor Tracey Dixon
Councillor Martin Gannon
Councillor Amanda Hopgood
Councillor Karen Kilgour
Councillor Michael Mordey
Dame Norma Redfearn DBE
Councillor Glen Sanderson
Lucy Winskell OBE

C26/9/24 Apologies for Absence and Substitutes

Apologies for absence were received from Councillor Nick Kemp. Councillor Karen Kilgour attended the meeting as his substitute.

C27/9/24 Declarations of Interest

There were no declarations of interest.

C28/9/24 Mayor's Announcements

Mayor Kim McGuinness reported that she, together with five other Northern Mayors, had recently taken part in the Great North Run. The Mayors had also met with Sir Brendan Foster and agreed to adopt the Great North branding to unite as a wider Northern region and work together to deliver shared ambitions.

C29/9/24 Minutes

Resolved that the minutes of the previous meeting held on 30 July 2024 be confirmed and signed by the Mayor as a correct record.

C30/9/24 Mayor's Opportunity Fund

The Cabinet considered a proposal to establish a Mayor's Opportunity Fund. The Fund would involve an investment of £1million in a community grants programme supporting activities delivered by small charities and grassroots community groups. Funding would be targeted at organisations delivering activity that supported inclusion, cohesion and resilience in some of the most socially and economically deprived areas. To be eligible applicants would have to be based and working within the region, have an annual income of less than £500,000 per year, have at least two board or committee members who were not related and have a bank account in the organisation's name.

Four rounds of funding would be allocated over a two-year period with the first funding round going live in Autumn 2024. Appropriate delivery mechanisms would be put in place with an interim fund manager appointed for the first round in order to provide the opportunity for organisations to access the fund quickly. An external provider for the following rounds would be appointed through an open procurement process.

In welcoming the proposals Cabinet members highlighted the importance of small community groups in supporting and improving people's lives, the benefits of awarding the first round of funding quickly and the need to streamline the application process to enable small organisations to access the fund.

Resolved that:

1. the creation of the Mayor's Opportunity Fund be approved; and
2. authority be delegated to the Chief Executive, in consultation with the Mayor and Finance and Investment Board, to finalise the arrangements for the set-up of the fund, and to put the appropriate delivery mechanisms in place.

C31/9/24 North East Local Transport Plan (LTP)

The Cabinet were presented with the draft North East Local Transport Plan (LTP). The LTP set out the North East CA's transport priorities up until 2040, including plans to deliver the Mayor's manifesto commitments for transport and a list of proposals to create a fully integrated green transport network that works for all.

The draft LTP was made up of a series of inter-related documents:

- a) The LTP, a statutory document, setting out in strategic terms what the North East CA aspired to achieve through transport provision and why;
- b) A delivery plan outlining the actions that could be taken by the North East CA and partners and what was proposed would be built, introduced or changed, to deliver the LTP;
- c) A summary document, which had the title of 'Delivering green transport that works for all,' This would be the main public-facing document that outlined in non-technical language the key points made in the LTP and delivery plan; and
- d) An independently produced draft Integrated Sustainability Appraisal (ISA) which was currently being prepared. The production of the ISA was a mandatory requirement of Government guidance, to allow interested parties to evaluate the impact of the draft LTP on factors such as environment, health and accessibility.

The Authority was required to carry out a formal public consultation on any new or amended LTP. It was proposed that, following the preparation of the draft ISA, a public consultation on the draft LTP commence in Autumn 2024. In advance of the formal public consultation starting, an engagement and communication campaign would begin to explain the purpose and high-level content of the LTP. Consultation feedback would be analysed and the LTP and accompanying delivery plan would be updated with the Mayor, in consultation with the Cabinet Member for Transport, with a view to the final proposed LTP being presented to Cabinet for review in March 2025.

Cabinet members welcomed the exciting and ambitious transport programme set out in the draft LTP which would complement and support the North East CA achieve its wider ambitions. Members acknowledged and thanked Councillor Gannon, the former Joint Transport Committee and the officer team for their work over many years leading to the review and preparation of the LTP and members looked forward to the consultation to hear the views of as many people as possible on the proposals.

Resolved that:

1. the consultation draft of the Local Transport Plan (LTP), Delivery Plan and summary document be endorsed;
2. Cabinet notes that an Integrated Sustainability Appraisal (ISA) will be independently produced and will be subject to pre-consultation with bodies named in Government guidance prior to the start of public consultation on the LTP;
3. the proposed LTP consultation approach, as set out in paragraph 6 of the Director of Transport's report, be endorsed and the budget allocated for the exercise as described in the financial implications section of the report be noted; and
4. authority be delegated to the Chief Executive, in consultation with the Mayor, the Cabinet Member for Transport, and the Monitoring Officer, to finalise all relevant documents and consultation materials and to undertake a formal public consultation on them.

C32/9/24 Child Poverty Reduction Unit

The Cabinet considered proposals to establish a Child Poverty Reduction Unit. The purpose of the Unit would be to create a convening and delivery function which could marshal evidence, bring partners together, accelerate work with central government and influence how North East CA investment in areas like job creation, skills, transport and housing would directly impact on the people who need it the most.

Addressing and preventing child poverty was a long-term and cross-sector task. It would take time, determination and a mix of national, regional and local interventions, The unit itself would not solve the problem, but it was considered an important starting point because it would allow for:

- A clear and accountable policy focus with Mayoral and Cabinet Member oversight ensuring the Authority was always focused on the impact of all of its work on child poverty, and things it could do to support prevention.
- A convening post for data and evidence from sources such as universities and expert bodies and a panel of experts advising on how to do this.
- A mechanism for targeted commissioning and delivery, focusing CA resources to reduce child poverty and grow the economy, in line with evidence and the Mayor's manifesto commitments.
- A targeted route into Government, linking closely with the new national Unit and providing a ready test-bed to make sure the North East is well positioned and able to act quickly.
- An innovation lab that could pilot new initiatives giving the best possible chance to use CA resources on innovative approaches that can be adapted and scaled.
- A way of strongly influencing policy outcomes by ensuring that major investments such as transport, housing and skills do as much as possible to help address and reduce child poverty, its determinants and consequences.

It was proposed to begin this work by convening a Child Poverty Reduction Summit. The summit would bring together key partners to involve them in the long-term workplan for the new Unit. Following the Summit, the Unit would begin work as quickly as possible to publish a strategy to highlight key priorities, early deliverables and longer-term approaches based on regional data and the local/national context. The strategy and subsequent delivery plans would include mapping of existing provision to ensure the work added value to the existing system and would set out clear priorities for intervention including opportunities to optimise services, co-commission or trial interventions for greater impact.

In expressing their support for the establishment of the Unit, Cabinet members commented on the impact of child poverty and the opportunity to take a leading role in shaping the regional and national approach to tackling the issue.

Resolved that:

1. the convening of a Child Poverty Reduction Summit which will bring together stakeholders as part of a cross-regional call to action and the scoping of a long-term approach be agreed;
2. the establishment in principle of a North East Combined Authority Child Poverty Reduction Unit and authorise officers to work with stakeholders on its design and delivery agenda be approved; and
3. an indicative early budget allocation of £500k be agreed – specific investments from which are delegated to the Chief Executive in consultation with the Mayor, Portfolio Holder and Finance and Investment Board, in line with the Single Assurance Framework.

C33/9/24 Unlocking Finance for North East Businesses to start and to grow

The Cabinet considered proposals for the creation of new strategic funds to provide regional businesses with the investment they needed to start and to grow. The proposed funds included equity and loan products for regional businesses underserved by the mainstream market. These gaps had been identified by an independent review of the supply and demand for finance in the region, which had identified a persistent gap in investment available to regional businesses of up to £19m per annum. The Cabinet considered two main proposals which had been endorsed by the Finance and Investment Board.

The first proposed fund would respond to the main gap in available finance which would emerge when the current North East Fund ceased investing in December 2024. This fund would be in the region of £90m in size, made up from £60m of Combined Authority investment (borrowing and grant) and £30m of legacy funding to be recycled from previous regional funds). This fund will meet ongoing gaps in investment available for regional businesses.

The second proposed fund would target risk tolerant and patient investment at relatively high-risk, high-growth potential early-stage ventures, starting up because of commercialisation of research and innovation activity in our universities, NHS and Catapults. This fund would be in the region of £28m, made up from £10m of North East CA investment and co-investment from regional universities. This fund would provide early-stage funding to turn innovative research and novel technologies into scaling businesses based in the region.

The North East Fund Limited, a company limited by guarantee whose members were the seven constituent local authorities of the North East CA, would operate the holding funds and undertake the role of 'implementing body' including the procurement and management of fund managers. The procurement exercise was expected to be complete by January 2025. The Technical Officer Group and the Finance and Investment Board would consider the outcome of this process, prior to a report being submitted to Cabinet at a future meeting seeking approval to award funding.

Cabinet members commented on the timeliness of the new funds following the cessation of European funds and the opportunity to leverage additional private sector investment.

Resolved that:

1. the approach to unlocking finance for North East businesses to start, and to grow, as set out in the report of the Chief Executive, and recommended for approval by North East CA Finance and Investment Board, be endorsed;
2. £70m of North East CA Investment Fund be allocated, which is expected to unlock over £350m of investment in regional businesses over 15 years, to implement these proposals;
3. the Chief Executive, in consultation with the relevant portfolio holders, be authorised to undertake the next steps and take decisions relating to implementation of the proposals, in line

with the parameters approved by North East CA Finance and Investment Board, which include:

- finalisation of the investment strategy and funding arrangements for the fund(s); and
 - overseeing required procurement processes to be conducted by the North East Fund Limited, in consultation with the Monitoring Officer
4. On conclusion of the procurement, and prior to award of contracts to successful bidders, Cabinet receive a proposal for approval and award of funding, setting out the outputs and outcomes which will be achieved.
 5. Cabinet receive a future report on the overall status of financial arrangements now under the control of the North East CA, including legacy arrangements, and proposals on how they may be streamlined in terms of their operation, including any required changes to the governance structures of the North East Fund Ltd to facilitate the approach set out.

C34/9/24 Audit Update

The Chair of the North East CA's Audit and Standards Committee, Dave Willis OBE, attended the meeting to present the Annual Report 2023/24 of the former North of Tyne Combined Authority's Audit and Standards Committee. The report concluded that the Committee continued to operate effectively with a good level of performance and there were no significant matters arising from the work of Committee which needed to be brought to the attention of Cabinet. Mr Willis also provided an update on the establishment of the North East CA's Audit and Standards Committee.

The Cabinet were also presented with the Internal Audit Annual Report 2023/24 in relation to the former North East Combined Authority and Joint Transport Committee. The report concluded that in 2023/24 a sound system of internal control was in place.

The North East CA was required to appoint a local auditor. The Cabinet considered two options for progressing the appointment, either (a) to carry out a procurement exercise to appoint a new local auditor, or (b) 'opt-in' to the national scheme for appointing local auditors operated by Public Sector Audit Appointments Ltd ("PSAA Ltd"). Given the time which would be involved in carrying out a procurement exercise at this stage it was proposed to follow the PSAA Ltd route to secure the appointment of a new local auditor as expeditiously as possible. PSAA Ltd. would appoint a local auditor for the North East CA, set the fee level for the contract and manage the contract with the appointed audit firm. Given the significant challenges and lack of capacity in the local audit market and the need to maintain a high quality of external audit provision, there was a strong case that this option would also produce better outcomes and would be less burdensome for the CA. The Audit and Standards Committee had endorsed this option.

Resolved that:

1. the former North of Tyne Combined Authority's Audit and Standards Committee Annual Report 2023/24 be noted;
2. the Internal Audit Annual Report 2023/24 in relation to the former North East Combined Authority and Joint Transport Committee be noted;
3. the progress made by the North East CA in establishing its Audit and Standards Committee and its intention to prepare and present to Cabinet an Annual Report at the conclusion of 2024/25 be noted; and
4. Public Sector Audit Appointments Ltd be asked to appoint a local auditor for the North East CA and the Director of Finance and Investment be authorised to take all necessary steps to formalise the appointment of a local auditor.

C35/9/24 Risk Management Framework and Strategic Risk Management

The Cabinet were presented with a proposed Risk Management Framework. The Framework would govern the way in which the North East CA identified and managed its risks and

opportunities, supporting the requirements of the Single Assurance Framework and delivery of its strategic objectives. It documented the processes to be used in the identification and management of risks within the Authority, the key roles and responsibilities, the levels of risk (project, programme, corporate programme and project, directorate and strategic) and the relevant reporting lines. The Framework had been reviewed by the Audit and Standards Committee and their feedback had been incorporated into the final version. The Authority's approach to managing risk would be subject to regular review, with a focus on continuous improvement through learning and experience.

In line with the Framework, work had been undertaken across the Authority to identify, assess, score and develop action plans for our current strategic risks. This initial exercise had identified 7 strategic risks and details of these risks and controls were presented to Cabinet for consideration. The Audit and Standards Committee had also reviewed the strategic risks at its meeting on 17 September 2024. The Cabinet would receive a further report on strategic risks at their meeting planned for 11 March 2025 and on a 6 monthly basis following this.

Resolved that:

1. the North East Combined Authority's Risk Management Framework be agreed; and
2. the current strategic risks, scoring and proposed management actions be agreed.

C36/9/24 2023/24 Outturn Position for the North of Tyne Combined Authority, North East Combined Authority, North East Local Enterprise Partnership, Invest North East England and the Joint Transport Committee

The formation of the North East CA on 7 May 2024, brought together two former combined authorities in the region: the former North East Combined Authority (NECA) which had accountable body responsibility for the Joint Transport Committee (JTC), and the former North of Tyne Combined Authority (NTCA) which had accountable body responsibility for the North East Local Enterprise Partnership (LEP) and the Invest North East England (INEE) team.

The Cabinet received a report setting out the provisional outturn financial performance for these organisations for the extended financial year ending 6 May 2024.

The report covered revenue and capital performance and the outturn treasury management position, which the Authority was required to consider in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services. The provisional outturn position would be included in the Statement of Accounts for 2023/24 which would be subject to audit later in the current financial year.

Resolved that:

1. the revenue and capital outturn position for 2023/24 be noted;
2. the outturn treasury management report and Prudential Indicators be noted; and
3. the forecast reserve position on 6 May 2024 be noted.

C37/9/24 Performance Management Framework

The Cabinet considered a proposed process for the creation of a performance management framework for the Authority. The creation of a framework would enable the North East CA to report the impact of its investments on strategic objectives and commitments in line with the accountability standards set out in the English Devolution Accountability Framework (EDAF) and enable officers and the Cabinet to monitor performance at the appropriate aggregated levels.

Work was underway to understand current reporting requirements and approaches and to ensure that the new framework would build on learnings, existing activity and aligned with the needs of the

organisation. An audit and summary of aims, objectives and key performance indicators (KPIs) sited across the Authority's corporate documents was in development and would inform the performance reporting recommendations. A second audit would be completed to identify the different reporting requirements of the North East CA including, but not limited to Cabinet, Overview and Scrutiny, Finance and Investment Board, Senior Leadership Team, Programme Boards etc. A finding of the audits and a proposal to develop the framework would be considered with the Authority's Senior Leadership Team in September 2024 prior to submission to Cabinet in November 2024 for approval.

The Cabinet were also presented with performance reports in relation to:

- a) Nexus, which provided an update on performance for the period 1 April to 20 July 2024 in relation to patronage, punctuality and reliability data, high-level fare revenue information, an overview of performance challenges and actions taken to resolves these and an update on delivery of key capital projects; and
- b) The Tyne Tunnels relating to monthly traffic volumes, average daily pedestrians and cyclists using the tunnel and non-compliance.

Resolved that:

1. the proposed process for the creation of the North East Combined Authority's Performance Management Framework be noted; and
2. the performance data in relation to Nexus and the Tyne Tunnels be noted.

C39/9/24 Appointment of Substitute CVS Member

The Cabinet considered a recommendation that Kate Burrows, the Executive Director of Durham Community Action, be appointed as the Substitute CVS (Community and Voluntary Sector) Member of Cabinet. Kate had been proposed for appointment by the North East VCSE (Voluntary Community and Social Enterprise) Leadership Board.

Resolved that Kate Burrows be appointed as the Substitute Community and Voluntary Sector (CVS) Member of Cabinet.