

A meeting of the: **Overview and Scrutiny Committee**
will be held on: **Tuesday 5 November 2024**
at: **10.00am**
in: **Committee Room 1, City Hall, Plater Way, Sunderland, SR1 3AA**
to consider the following

AGENDA

	Page No
1. Apologies To record any apologies for absence and the attendance of any substitute members.	
2. Declarations of Interest Members of the committee are required to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest, in accordance with the Authority's Code of Conduct for Members .	
3. Minutes To confirm as a correct record the minutes of the previous meeting held on 8 October 2024.	3 - 7
4. Child Poverty Reduction To receive an overview of the current position and challenges for the region in terms of child poverty and the Authority's child poverty reduction initiatives which are underway or planned over the coming months.	8 - 16
5. Mayor's Opportunity Fund To examine progress made in mobilising the Mayor's Opportunity Fund.	17 - 19
6. Unlocking Finance for North East Businesses to start, and to grow To consider the creation of new strategic funds to provide regional businesses with the investment they need to start and to grow.	20 - 27
7. Work Programme To review and agree the Committee's work programme.	28 - 38

8. **Date and Time of Next Meeting**

To note that the next scheduled meeting will be held on Tuesday 10 December 2024 at 10.00am in Newcastle Civic Centre.

Contact Officer: Michael Robson, Senior Governance Officer
Tel: 0191 277 7242 E-mail: michael.robson@northeast-ca.gov.uk
www.northeast-ca.gov.uk

Overview and Scrutiny Committee

8 October 2024

(10.00am)

Meeting held in: The Lamesley Room, Gateshead Civic Centre

Minutes

Present: Councillor Colin Ferguson (Chair)
Councillor Rob Crute
Councillor Richard Dodd
Councillor Steve Fairlie
Councillor John Eagle
Councillor Brian Gallacher
Councillor Charlie Gray
Councillor Andrew Guy
Councillor Claire Rowntree
Councillor Amanda Wintcher

OSC6/10/24 Apologies for Absence and Substitutes

Apologies for absence were received from:

Councillor Chris Lines

Councillor John McCabe

Councillor Jim Montague

Councillor Antony Mullen

Councillor Dawn Welsh. Councillor Amanda Wintcher attended the meeting as her substitute.

Councillor Linda Wright. Councillor Steve Fairlie attended the meeting as her substitute.

OSC7/10/24 Declarations of Interest

There were no declarations of interest.

OSC8/10/24 Minutes

Resolved that the minutes of the previous meeting held on 16 July 2024 be confirmed and signed as a correct record.

OSC9/10/24 Overview and Scrutiny Work Programme

At its previous meeting the Committee had agreed a provisional work programme but made a series of comments and suggestions. Following consideration of these issues by the Chair and Vice Chair, the Committee were invited to give further consideration to the development of its work programme and in particular:

- a) to reflect on the outcomes from a series of strategic portfolio plan briefings held with each Cabinet Member;
- b) to consider options to increase the capacity of the Committee to undertake its work; and
- c) to consider and comment on their priorities for inclusion in the work programme.

The Chair suggested that should the Committee agree to arrange an additional meeting in November then it may wish to examine in more detail the establishment of a new Child Poverty Reduction Unit (subject to there being enough detail available), the establishment of a new Mayor's Opportunity Fund and proposals for the creation of new strategic funds to provide regional businesses with the investment they need to start and to grow. Other members suggested housing and culture and tourism as priorities for inclusion in the work programme.

Members stated that if additional meetings were to be arranged they needed to be in accessible locations and at a convenient time in the day to ensure that they were quorate. The Chair undertook to give consideration to the timing and location of meetings but stated that meetings ought to be held in different locations around the region.

Resolved that:

1. the outcomes of the Strategic Portfolio Plan briefings in terms of identifying topics for further scrutiny be noted;
2. two additional committee meetings be arranged to be held on Tuesday 5 November 2024 and Tuesday 4 February 2025; and
3. the Chair and Vice Chair work with relevant officers to further develop the Committee's work programme for the remainder of the year taking into account the comments recorded above.

(Note: The remaining items of business appearing on the agenda were considered by members of the Overview and Scrutiny Committee when there were an insufficient number of members present to conduct a quorate meeting of the Committee. A separate note of these discussions is attached as Appendix A.)

Meeting of Members of the Overview and Scrutiny Committee

8 October 2024

(10.00am)

Meeting held in: The Lamesley Room, Gateshead Civic Centre

Notes

Present: Councillor Colin Ferguson (Chair)
Councillor Richard Dodd (part)
Councillor Steve Fairlie (part)
Councillor John Eagle
Councillor Brian Gallacher
Councillor Charlie Gray (part)
Councillor Andrew Guy (part)
Councillor Claire Rowntree
Councillor Amanda Wintcher

The following items of business were considered by members of the Overview and Scrutiny Committee when there were an insufficient number of members present to conduct a quorate meeting of the Committee.

1. North East Mayor

The North East Mayor, Kim McGuinness, joined the meeting remotely via video conferencing technology to present and discuss her manifesto priorities and the associated opportunities and challenges.

During questioning members discussed a range of topics with the Mayor including:

- a) the Mayor and Cabinet's approach to collaboration and integration in delivering the Authority's seven strategic portfolio plans;
- b) the timing of policy announcements in relation to Cabinet's decision making process;
- c) the economic ambitions for the region which were likely to form the basis of the Local Growth Plan;
- d) the challenges facing the Authority in terms of securing the capacity, resources and government support to deliver major long term projects in the region;
- e) the opportunities to develop innovative investment partnerships with the private sector;
- f) the scope and nature of the forthcoming public consultation exercise on the North East Local Transport Plan and the role of local ward councillors in promoting and encouraging conversations within local communities;
- g) the varying transport needs of different areas and communities across the region and how devolution would allow services to be delivered in different ways to meet those needs;
- h) the risks of escalating costs associated with major infrastructure projects such as the re-opening of the Leamside Line and how these risks could be mitigated in planning and delivery;

- i) how Investment Zones would create economic benefits for all constituent authorities and the advantages of the authorities working together and acting with one single collective voice; and
- j) the Mayor's desire to secure from Government greater devolution of powers and a single funding settlement at the earliest opportunity.

The Chair thanked the Mayor for joining the meeting and for answering members questions and it was agreed that further meetings between the Mayor and the Overview and Scrutiny Committee would be arranged in due course.

2. Improving and Reforming North East Buses

In July 2024 the Cabinet had agreed to proceed with the preparation of a Bus Franchising Assessment. The decision followed consideration of a Bus Reform Options Report which outlined the successes and challenges of the current operating model and detailed the benefits, potential costs and implications of two different options for reform. The two options were to either expand the current Enhanced Partnership or implement a franchising scheme. Any decision to proceed with implementing a franchising scheme could only be taken if a Franchising Scheme Assessment (FSA) determined that franchising was the best option. An FSA was effectively a business case which considered its likely effects in terms of delivery and value for money when compared to the best Enhanced Partnership alternative.

Tobyn Hughes, Director of Transport, accompanied by Philip Mickle, Assistant Director of Transport Strategy, and Lucy Keating, Head of Bus Reform, attended the meeting to present details of the bus reform project and the updated Bus Service Improvement Plan (BSIP). The BSIP set out region's current strategic plan for buses, setting out the vision for improving bus services and growing bus patronage, in line with the National Bus Strategy.

In examining the bus reform project members asked a series of questions of officers when the following topics were discussed in more detail:

- a) the extent to which knowledge and experience gained from the proposed Quality Contracts Scheme in Tyne & Wear and from the introduction of franchising in Greater Manchester could be utilised in preparing for bus franchising in the North East;
- b) the scope of public engagement and consultation in relation to the BSIP;
- c) balancing the development of an integrated public transport system with maintaining popular bus routes and building confidence in bus services;
- d) the implications for the bus reform project of anticipated changes in the legislative framework. The Authority was in regular contact with Government so that it was well placed to accelerate the reform process if permitted;
- e) the impact of multi-operator, multi-modal capped tickets. It was reported that tickets targeted at those aged 21 and under had increased usage in the age group by 25%. Officers undertook to provide members of the Committee with further details.
- f) the improvements to bus services which had been achieved through the BSIP and the Enhanced Partnership and the limitations of the partnership which was based on collaboration with bus operators rather than contractual obligations; and
- g) the key differences between rail and bus franchising.

3. North East Local Transport Plan

Members considered the draft North East Local Transport Plan (LTP) which had been approved by Cabinet for public consultation. 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.

Tobyn Hughes, Director of Transport, accompanied by Philip Mickle, Assistant Director of Transport Strategy, and Rachelle Forsyth-Ward, Head of Policy and Strategy Development,

attended the meeting to present the draft LTP which was made up of a series of inter-related documents, including the plan, a delivery plan and a summary document.

The Authority was required to carry out a formal public consultation which would commence in Autumn 2024. Consultation feedback would be analysed and the final proposed LTP would be presented to Cabinet for review in March 2025.

During questioning the following issues were discussed:

- a) balancing investment in large scale and long term transport infrastructure projects, such as the re-opening of the Leamside Line, with smaller local incremental improvements in transport services which would have a more immediate impact;
- b) in querying the need for increasing freight capacity on the rail network it was suggested that members may wish to consider in more detail the Authority's ambitions for rail services and how these can be delivered in collaboration with Great British Railways;
- c) members asked that they be notified of the commencement of the public consultation exercise;
- d) the majority of responses would be on-line but good analysis of respondents would allow the Authority to target any gaps in terms of underrepresented communities;
- e) members asked that a further report be submitted setting out details of the feedback received from the consultation exercise;
- f) it was suggested that in order to review and assess the benefits of transport investment, members ought to undertake visits and they could begin with a train journey on the Northumberland Line to Ashington where the Committee could hold a future meeting. It was noted that an external review of the Northumberland Line project was being undertaken and its findings could be reported to the Committee;
- g) the extent to which the Authority's ambitions contained in the LTP were aligned with the transport priorities of each of its constituent authorities and how they would be delivered in collaboration with them.

4. Budget and Corporate Planning Process

Members met with Janice Gillespie, Director of Finance and Investment, who advised the Committee on the proposed approach and timetable for the preparation of the 2025/26 Budget and Corporate Plan. A draft Corporate Plan and draft budget proposals would be presented to Cabinet on 26 November 2024 and the Overview and Scrutiny Committee on 10 December 2024. A budget workshop would be arranged for members of the Overview and Scrutiny Committee to be held in January 2025 to consider in detail the Authority's draft budget proposals and recommendations to Cabinet, prior to final approval on 28 January 2025.

Members were also presented with a summary of the Authority's opening reserves at 7 May 2024 which would help inform the 2025/26 budget and Medium Term Financial Strategy.

Title: Child Poverty Reduction
Report of: Joanna Unthank, Senior Programme Manager, Child Poverty

Report Summary

The purpose of this report is to update Overview and Scrutiny Committee on the Combined Authority child poverty reduction initiatives which are underway or planned over the coming months.

This report provides a summary of the current challenge for the region, and summarises the position at the end of October, regarding the mobilisation of current funding allocations in the policy area. This includes:

- Investment Fund allocation of £2.7m to extend child poverty work to support schools, workplaces and families across the North East Combined Authority region during 2024/25 academic year
- North East Combined Authority investment of £500,000 to set up and run a regional child poverty reduction unit (CPRU) and pilot early priorities

Recommendations

The Overview and Scrutiny Committee is invited to note the latest position and planned actions relating to child poverty.

A. Context

1. Background

- 1.1. A snapshot of the data tells a powerful story about the negative impact of child poverty in the region. Over the past 25 years, child poverty has almost always been higher in the North East than the UK on average. The child poverty rate in the North East in 2021/22 was 35% compared to a national rate of 29% - it is very widely spread and touches households in most of our communities.
- 1.2. Ultimately the consequences that are driven from child poverty – the inability of families to meet their basic needs and participate fully in society, is what matters – and these consequences include poor health, mental health and nutrition; exclusion from social activities; reduced educational attainment and constrained life chances at a crucial and formative early age.
- 1.3. Of the children living in poverty in the region around 7 in 10 are from working families and more than one in five children (21.5%) in households with all parents in work, are in poverty. This demonstrates that both improvements in the quality and conditions of employment are needed, in addition to improving access to employment for our most deprived communities where we continue to have the highest proportion of children living in ‘workless’ households (15.2%) and long-term ‘workless’ households.
- 1.4. Local Authorities report increasing numbers of residents requiring support numbers due to poverty, and the individual impact of poverty in later life is grave. According to work by the Joseph Rowntree Foundation, children growing up in poverty face significant negative impacts on their future prospects. Children who qualify for free school meals are less likely than those who don’t to obtain good English and Maths GCSEs. This is likely to also impact their future job prospects, and children who grow up in poverty generally report lower earnings in adulthood and fewer hours worked.¹

¹ <https://www.jrf.org.uk/child-poverty>

- 1.5. Children who grow up in the most deprived areas are also more likely to live fewer years in good health than their counterparts in less deprived areas, and children in poverty are more likely to experience a range of mental and physical health issues.
- 1.6. While it is recognised that not all children growing up in poverty are destined to fall behind their peers – there is a strong correlation between child poverty, poorer outcomes on average across a number of domains, and impacts that are concentrated in specific communities and groups which have a long-term effect on individuals, on families, on communities which compounds across generations.

2. Combined Authority investments

- 2.1. The Mayor's manifesto commits to lifting children in the North East out of poverty through a long-term, structural approach; proposing potential interventions such as: ensuring every investment decision has a measurable impact on child poverty; developing Sure Start-style children's services; and developing a Mayoral childcare grant.
- 2.2. The North East Devolution Deal commits to investing in regional interventions to address child poverty in school, workplace, and family settings. These commitments add to a long history of efforts to address the impacts of child poverty within local settings – lessons from which will need to be embedded within any new approach.
- 2.3. In June 2024 the North East Combined Authority committed funding to enable delivery of a programme of work across all seven constituent Local Authorities – building on three years of work with schools, the voluntary sector, local authorities and families themselves. This complements serious, long-term provision led by our Local Authorities working alongside the numerous organisations and community groups who have been at the front line of this issue for many years.
- 2.4. In July 2024, Mayor and Cabinet approved seven Portfolio Development Plans investing in growth, transport, housing and skills projects that will make a real difference to this issue across our region. Through these portfolios, the North East CA will deliver an integrated agenda that can make a material impact on child poverty through the functional powers and investments that we make. For example, through lower fares on the transport network; more targeted skills provision; and better access to housing for those who need it. The devolution agenda is also one of job and opportunity creation – providing those work and skills opportunities for people and lowering the barriers to accessing them.
- 2.5. The North East approach is also in alignment with Government – recognising that many of the levers for poverty reduction must be underpinned by larger scale change in the economy, national investment and systemic changes from national to local level. In July 2024, the new Government announced the launch of a Ministerial taskforce to kickstart work on a national child poverty strategy
- 2.6. In September 2024, the North East CA Cabinet agreed to the convening of a Child Poverty Reduction Summit to bring together stakeholders as part of a cross-regional call to action and the scoping of a long-term approach and approved an indicative budget of £500K for the establishment of a North East Combined Authority Child Poverty Reduction Unit.

3. Planned outputs and expected outcomes

- 3.1. The total investment of £2.7m across the North East CA region, will be mobilised as four distinct workstreams through commissioned services and grant funded support, and intends to impact beneficiaries as shown in Table 1 over the current academic year (to August 2025).

Table 1: Planned outputs from North East CA child poverty prevention programme investments during 2024/25 academic year

Workstream	Schools supported (of 844 in North East CA region)	Individuals supported (CYP, families, or employees)	Workplaces supported
1. Poverty interventions in schools	220	5100	
2. Welfare and benefits advice at the school gates	77	900	
3. Support for employers to tackle in-work poverty		4000	85
4. Critical 1,001 days – supporting the best start for our youngest residents		1450	

3.2. It is intended that these outputs will result in a combination of outcomes, including: income and benefit maximisation for families; increased household income; improved pupil outcomes (including attendance and attainment), proportionate representation across school life; improved child health and development; increased equity in early childhood outcomes; higher engagement with healthcare teams and community resources; strengthened family wellbeing; and improved employee financial wellbeing, satisfaction and retention and progression.

4. Progress to date

Investment Fund allocation of £2.7m for child poverty workstreams to support schools, workplaces and families during the 2024/25 academic year.

4.1. Following investment fund allocation from North of Tyne Combined Authority in March 2024, delivery of each of the workstreams is underway in Newcastle, North Tyneside and Northumberland, as outlined below.

4.2. Following North East CA Cabinet's approval of funding, and business case approval in July and August, Officers have been working with colleagues across constituent authorities, to develop delivery plans in Durham, Gateshead, South Tyneside and Sunderland as outlined below. Commissioning for these authorities is ongoing with all delivery expected to be underway in November.

4.3. **Workstream 1: Poverty Interventions in schools:** This workstream aims to support schools to mitigate the symptoms and causes of child poverty

4.3.1. Across Newcastle, North Tyneside and Northumberland, 120 school leaders have chosen from a suite of practical interventions as set out in table 2. Schools have been identified through engagement with Local Authority social inclusion and school improvement teams, as well as working with voluntary sector partners, and by self-selection. Delivery of this support began in September 2024 and will be completed by the end of July 2025.

Table 2: Poverty Interventions in schools: Suite of options available to schools in Newcastle, North Tyneside and Northumberland. Schools can opt for *one* of the below options fully-funded.

	Offer	Description
1	Family learning courses	4-week courses which encourage families to work together and engage in a positive way with their child's learning journey and with the school. Three fully funded courses per school with different cohorts of families during the school year.
2	Science Club	6-week after school Science Club (one-hour sessions, over 1 half term) for 30 students. Based at 'Life' Lab spaces at the International Centre for Life, or in schools. Includes a full day visit to Life for the Science Club for a curriculum-linked workshop and visit to the science centre including packed lunch and transport subsidy.
3	Early Years offer	RISE North East 'Step Outdoors' programme. Targeting school readiness and building strong foundations for learning through outdoor play and education for Early Years children, their teachers and families.
4	Enrichment	Newcastle United Foundation's education programmes explore physical and mental wellbeing activities, family engagement and skill-building for the future. Two hours of curriculum delivery and one hour extra-Curricular for 12 weeks in school for a class of 30 pupils.
5	Poverty Proofing	Poverty Proofing© the school Day is a powerful tool for identifying the barriers children living in poverty face to engaging fully with school life and its opportunities. Focused on listening to the voices and experiences of young people, it offers a pathway for schools to address often unseen inequalities within their activities, helping them reduce stigma, break the link between educational attainment and financial background, and supports schools to explore the most effective way to spend Pupil Premium.
6	Enrichment – youth led	Bright Minds from Groundworks NE seeks to support schools and young people to boost student engagement and academic achievement in a supportive environment, empowering young people and developing skills for now and the future. Flexible provision, 36 hours of activities delivered on the school site, during curriculum time, after school or in school holidays.
7	Enrichment – youth led	Through youth led activities, YMCA North Tyneside provides pupils an exciting programme of afterschool activities, where they decide what is delivered; focused on physical and emotional wellbeing and social action. Ten 1.5-hour extra-curricular sessions in over 10 weeks, delivered by youth workers including the provision of food.
8	Bespoke grant funded projects	Up to £5000 in grant funding for innovative school led projects to support disadvantaged pupils.

4.3.2. Across the wider region, Officers have been working with colleagues across constituent authorities, to develop delivery plans which build on the existing support for schools in each authority, adding capacity and ensuring that no duplication occurs. Commissioning for these authorities is ongoing with all commissioning expected to be complete in November.

Table 3: Poverty Interventions in schools: Funded support to be commissioned for schools in Durham, Gateshead, South Tyneside and Sunderland

Local Authority	Offer	Description
Durham	Cutting the cost of the school day (working with welfare and benefits advice provision)	A targeted intensive training programme for 10 schools and early years settings supporting settings to consider poverty from an education perspective. Aiming to raise awareness of child poverty, supporting schools to: <ul style="list-style-type: none"> (a) Gain a deeper insight into the scale and impact of child poverty (b) Challenge the stigma associated with living in poverty (c) develop practical steps for cutting the cost of the school day. This programme will be delivered in settings alongside the the Financial Inclusion Support Officer (FISO) programme through workstream 2. FISO embeds financial inclusion support in schools, explores new ways to tackle child poverty and overcome the current challenges related to the cost-of-living crisis. It focuses on maximising entitlement to generate income from social security benefits and on supporting parents/carers to pursue pathways into employment. It also supports families by providing advice on support available for children such as free school meals, clothing grants etc.
Gateshead	Family Learning	Family learning in at least 25 Gateshead schools, extending to community settings where appropriate – delivering a range of courses encouraging families to work together and engage in a positive way with their child’s learning and the school. Course content will focus on maximising family income, steps to move away from poverty and providing the best start in life for the next generation, including family financials, family food fun, creating a career and more.
Gateshead	Poverty Proofing the school day	Poverty Proofing© the school Day is a powerful tool for identifying the barriers children living in poverty face to engaging fully with school life and its opportunities. Focused on listening to the voices and experiences of young people, it offers a pathway for schools to address often unseen inequalities within their activities, helping them reduce stigma, break the link between educational attainment and financial background, and supports schools to explore the most effective way to spend Pupil Premium. At least ten

		Gateshead schools will access a fully-funded audit and training.
South Tyneside	Reducing the cost of the school day	Expansion of bespoke South Tyneside reducing the cost of the school day audit, training and support in 10 schools.
South Tyneside	Budget Bites family learning in schools	Family learning courses in 20 schools, centred around cooking healthy, nutritious and affordable meals. The course involves a school Chef working with families in the school environment to plan, cook and taste healthy one pot meals together. This is a free six-week intervention with no cost to schools or the families attending, each course accommodating at least 8 pupil and parent/carer pairs.
Sunderland	TBC	Consultation underway between Headteachers and Together for Children ahead of commissioning.

- 4.4. **Workstream 2: Welfare and benefits advice in schools:** This workstream aims to support families and households by bringing welfare rights advice and support into schools, enabling families to better support themselves; families are helped with issues relating to benefits, debt, energy costs, and food insecurity. This helps families to maximise household incomes.
- 4.4.1. Advisors are working with 45 schools across Newcastle, North Tyneside and Northumberland, building on the success of work over the last 2 years (resulting in over to £2.3m in annualised gains for over 760 families), providing advice and guidance for families in and through the trusted school setting. This academic year, 117 families have been supported to date, resulting in £363,196 in previously unclaimed annualised benefit gains. A case study example can be found in Appendix 1.
- 4.4.2. In Durham, Gateshead, South Tyneside and Sunderland, commissioning and grant funding arrangements are underway to deliver welfare and benefits advice in a total of 40 schools, beginning between November and December 2024.
- 4.5. **Workstream 3: Support for employers:** This workstream supports a regional approach to addressing child poverty through engagement with local businesses and employers.
- 4.5.1. This work includes awareness-raising workshops, training and presentations for employers around the stark realities of child poverty and the intricacies of the in-work benefits system; and builds on this to help each employer to develop and implement their policies, practices, and support in a bespoke way, to meet the unique needs of their employees.
- 4.5.2. Across the region. Society Matters CIC have been commissioned to build on previous work to support employers and to date they have begun work with over 20 of their target 85 employers.
- 4.6. **Workstream 4: The Critical 1,001 days:** This workstream seeks to reduce the impact of socio-economic disadvantage on babies and children from conception to school age.
- 4.6.1. We know that families with an under 5 year-old are disproportionately affected by poverty, and evidence supports a need for sustained financial, cultural and emotional investment in the early years. If you invest in families and the socialisation of children through fun, play and emotionally regulated environments, there is a direct benefit for them and their community.
- 4.6.2. Across the majority of the region (6 constituent authorities excluding Durham), North East CA investment has supported the roll-out of The Children’s Foundation’s ‘Baby Box’ campaign which aims to provide all

newborns in the North East to have the best start in life. Led by parents, midwives, health visitors and family nurses, the Baby Box has a unique focus on baby development and is packed with developmentally stimulating books and toys with a focus on laughing, playing, reading, singing and counting.

4.6.3. In Durham, this workstream plans to support Durham County Council's own Start for Life fund, which takes referrals from professionals to provide permanent safe sleeping spaces and safety equipment for families with new babies.

4.6.4. In Newcastle, North Tyneside and Northumberland, baby bank charity Love, Amelia has been commissioned to develop their professional referral pathways – allowing them to take referrals and make delivery of essential items for families with babies and infants aged 0-4.

5. North East Child Poverty Reduction Unit

5.1. In respect of the North East Combined Authority Cabinet decision to invest £500,000 to set up and run a regional child poverty reduction unit (CPRU) and pilot early priorities, work is underway to take this forward with the first meeting of the new regional Unit expected to take place in January 2025.

5.2. The aim of the new Child Poverty Reduction Unit is to build a strategic, long-term and collaborative approach to addressing child poverty in the region, building on the initiatives already underway or planned as outlined above.

5.3. A Child Poverty Reduction Unit (CPRU) will use evidence to drive further action to address inequalities and promote inclusion and identify and mobilise opportunities to address inequalities across the North East CA region.

5.4. On the 18th of November, Mayor McGuinness will host a Child Poverty Reduction Summit, bringing together representatives from constituent authorities, health, education, the VCSE sector, residents with lived experience, alongside regional and national policy experts. The summit will help to shape the direction and agenda of the CPRU.

5.5. Our own plans for the North East will enable us to be as proactive and engaged as possible in national policy with a clear view about what our region needs and how it can best be delivered collaboratively and locally. We will actively seek to pilot and trial new national initiatives as part of this approach.

6. Potential Impact on Objectives

6.1. This programme of work and approach aligns with and contributes to the North East CA's commitment to champion the full potential of the region, collaborating with partners and local authorities to create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, specifically, this programme contributes to efforts to achieve a fairer, successful North East.

6.2. By establishing a Child Poverty Reduction Unit, this work will contribute to the North East CA commitments to achieve a fairer, successful North East, helping people to thrive and reducing inequalities.

7. Equalities Implications

7.1. The North East CA follows the Public Sector Equality duty and the work referenced in this report has due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

7.2. The activity outlined in this report, and a forthcoming Child Poverty Reduction Unit will contribute to the North East CA equality objectives, including deepening our understanding of the inequalities faced by residents in our region and the impact of those on people's lives.

8. Consultation and Engagement

- 8.1. Consultation has taken place with Directors of Children’s Services and their respective teams within each Local Authority, the communities and/or poverty leads within each authority and a number of education/poverty prevention specialists.
- 8.2. Schools, families and children, as well as employers will be engaged in workstreams through partnership work with Local Authorities, Multi Academy Trusts and other stakeholder/influencer groups as well as commissioned providers.
- 8.3. Consultation has taken place with officers at constituent local authorities and the North East Child Poverty Commission. It is anticipated that further consultation and engagement will take place once specific policy areas are identified by the Child Poverty Reduction Unit.

9. Appendices

Appendix 1: Welfare and benefits advice case study

10. Background Papers

Cabinet Paper, North of Tyne Combined Authority, Child Poverty Prevention Programme, March 2024
Cabinet Paper, North East Combined Authority, Child Poverty Prevention Programme, June 2024
Cabinet Paper, North East Combined Authority Child Poverty Reduction Unit 17 September 2024

11. Contact Officers

Joanna Unthank, Senior Programme Manager (child poverty)
Joanna.unthank@northeast-ca.gov.uk

Adrian Dougherty, Interim Strategic Leader for Skills, Inclusion and Public Service Reform
Adrian.dougherty@northeast-ca.gov.uk

12. Glossary

North East CA	North East Combined Authority
CPRU	Child Poverty Reduction Unit

North East CA Welfare and Benefits advice at the school gates case study

Background Scenario

The family were referred by the school welfare officer in financial crisis following the breakdown of the parents' relationship due to domestic violence. As a result, Client is a lone parent who working part time (20 hours a week) residing in a council property.

Issues/concerns

- Anxiety over change in family circumstances and the impact on employment and benefit income
- Anxiety over making ends meet until next pay date

Details of 'Welfare at the school gates' intervention

1. WRO applied for Discretionary Housing Payment to prevent arrears with bills and further hardship.
2. WRO assisted with Universal Credit application.
3. WRO assisted with UC advance payment request to ensure family didn't fall into financial hardship before first payment of UC was made.
4. WRO assisted with Council Tax Support application to avoid arrears.

Increase in household annual income from £20,152 to £28,446

The client stated that without the intervention & advice, they would not have made the claims, as would have found it too daunting. With support, Client managed to continue working, ensure children attended school and maintain a stable and safe home environment.

Title: Mayor's Opportunity Fund progress update
Report of: Robin Fry, Inclusive Economy Advisor

Report Summary

The purpose of this report is to provide Overview and Scrutiny Committee with an update on progress made to quickly mobilise the new Mayor's Opportunity Fund. The first round of the fund is due to launch in November and will allocate £225,000 to support activities delivered by small charities and community groups across the region.

Recommendations

Overview and Scrutiny Committee is invited to review and comment on progress made to date.

A. Context

1. Background

- 1.1 On 17th September 2024 Cabinet agreed to allocate £1million to establish a new Mayor's Opportunity Fund, supporting their commitment to drive a fairer North East through creating opportunity and fighting child poverty. The fund will create new opportunities to ensure that the North East is a cohesive, inclusive and resilient region where everyone thrives and has the opportunity to contribute to the region's success.
- 1.2 Four rounds of funding will be delivered over a two-year period. The first round is due to launch in November. It seeks to invest £225,000 in activity that supports cohesion, inclusion and resilience in some of our most socially and economically deprived areas.
- 1.3 Grants will range from £1,000 to £10,000. Applicants will be able to spend their grant over a 12-month period.
- 1.4 In order that this investment reaches communities most in need of support, eligible applicants will include small unincorporated community groups that have a constitution or set of governing rules in place. All applicants will be required to be based and working within the region, have at least two board or committee members who are not related and have a bank account in the organisation's name.

2. Impact

- 2.1 Funded activity will contribute to a range of positive outputs and outcomes in some of our most deprived neighbourhoods, including:
 - residents at risk of social and economic exclusion experiencing improved mental and physical health, increased disposable household income, increased skills and employability, increased sense of belonging, reduced social isolation and a greater sense of connection with others;
 - the wider population experiencing increased access to community places and spaces, increased feelings of safety, increased levels of trust and increased pride in place;
 - small charities and grassroots community groups experiencing increased capacity to deliver services to their community, increased number of beneficiaries, a more secure workforce, increased charitable income and increased opportunities for partnership working;

- public sector organisations experiencing increased opportunities to partner with the VCSE sector, reduced demand on their services, and increased engagement with communities leading to better designed services.

3. Progress update

- 3.1 Advanced discussions are underway to appoint an external delivery partner to quickly mobilise the first funding round. This will be followed by an open procurement process to appoint a delivery partner for the following three funding rounds.
- 3.2 Working with an external delivery partner offers the following advantages:
- increased reach into communities through contracting with a partner that has well-established relationships with hundreds of small charities and community organisations across our footprint;
 - increased accessibility for applicants through contracting with a partner that has well-established grant making processes designed to be accessible and proportionate for small charities and community organisations;
 - the opportunity to leverage match funding through philanthropy;
 - demonstration of our commitment to collaboration;
 - reduced demand on internal staffing capacity.
- 3.3 The Combined Authority will retain overall control over the fund through:
- working with the procured delivery partner to agree the scope of the fund;
 - the Mayor chairing the grant assessment panel;
 - the Mayor and Cabinet having regular opportunities to visit funded activity;
 - the procured partner working closely with our communications team to showcase funded activity;
 - regular review meetings between the procured partner and North East CA officers as part of the overall support, monitoring and governance process.
- 3.4 The delivery partner will be expected to lead on:
- designing and advertising the fund so that it is open and accessible to all eligible organisations in the region;
 - offering pre-application support and guidance where required;
 - carrying out due diligence checks on applicants to ensure they meet the criteria and have the relevant policies and procedures in place;
 - convening and supporting a suitable grant assessment panel to be chaired by the Mayor, or a representative of her choosing;
 - awarding grants;
 - monitoring performance and spend;
 - identifying positive news stories and helping to facilitate visits;
 - collating and reporting impact.

4. Potential Impact on Objectives

- 4.1 The Mayor's Opportunity Fund has been designed to advance a number of strategic commitments set out by the Mayor and Cabinet. The fund will:
- primarily benefit residents at risk of social and economic exclusion, contributing towards the Mayor and Cabinet's commitment to creating a fairer North East through reducing child poverty and health inequalities;
 - support the Mayor and Cabinet's commitment, through the Education, Inclusion and Skills portfolio, to support strong and connected communities that help to reduce inequalities and improve wellbeing for all;

- support the equality objective, agreed by the Mayor and Cabinet, for the North East CA to work with partners and other funders to ensure our funding opportunities are accessible to organisations working with some of our most under-represented residents;
- support the Mayor’s commitment to work with the voluntary sector to build resilience within communities, recognising the role of the sector in supporting some of our most vulnerable residents by helping them get out of poverty; and making grants more accessible to smaller charities with lesser criteria.

5. Equalities Implications

5.1 An equality impact assessment has been undertaken to inform the design of this investment. The Mayor’s Opportunity Fund has been designed to increase opportunities for residents most at risk of poor social and economic outcomes including women and girls, disabled people, and people from minoritised ethnic groups. The fund has also been designed to support the North East CA’s equality objective to work with partners and other funders to ensure our funding opportunities are accessible to organisations working with some of our most under-represented residents.

6. Consultation and Engagement

6.1 Following Cabinet approval, further consultation has been undertaken with Martin Brookes, the Cabinet member for the VCSE sector. Input is also being sought from the North East VCSE sector Leadership Board. Care will be taken that the criteria for the grant programme does not displace or duplicate the work of existing funders.

7. Appendices

None

8. Background Papers

None

9. Contact Officers

Robin Fry, Inclusive Economy Advisor
robin.fry@northeast-ca.gov.uk

10. Glossary

None

Overview and Scrutiny Committee

5 November 2024

Title: Unlocking Finance for North East Businesses to start and to grow.
Report of: Mark Stamper, Head of Economic Delivery

1. Report Summary

The purpose of this report is to provide Overview and Scrutiny Committee with information on the approach approved by Cabinet in the appended paper, which sets out rationale and next steps towards the creation of new strategic funds to provide regional businesses with the investment they need to start and to grow.

2. Recommendations

The Overview and Scrutiny Committee is invited to give feedback on any key issues or considerations for the approach set out, as appended.

3. Context

3.1 At its meeting on 17 September 2024, Cabinet allocated funding and approved the next phase of development activity to be undertaken on a new suite of strategic funds to provide regional businesses with the investment they need to start and to grow. The report considered by Cabinet is attached as Appendix A. It describes the demand for finance among small and medium sized enterprises in the North East, the objectives of the funds and details of how they will be delivered. Cabinet will be asked for a full and final approval in the new year, following further development work.

3.2 Officers will be in attendance at the meeting to provide context on the proposals and to answer questions.

4. Implications Statements

The impact of the funds on the Authority's objectives, the equalities implications and details of consultation and engagement are set out in the Cabinet report attached as Appendix A.

5. Appendices

Appendix A – Report to Cabinet 17 September 2024 – Unlocking Finance for North East Businesses to start and grow

6. Background Papers

Report to Cabinet 17 September 2024 – Unlocking Finance for North East Businesses to start and grow

7. Contact Officers

Mark Stamper, Head of Economic Delivery. mark.stamper@northeast-ca.gov.uk

Title: Unlocking Finance for North East Businesses to start and to grow.
Report of: Henry Kippin, Chief Executive
Portfolio: Economy/ Finance and Investment

Report Summary

This paper sets out ambitious proposals for the creation of new strategic funds to provide regional businesses with the investment they need to start and to grow. The resulting investment will unlock growth, build confidence in our SME base, turbo-charge university spin-out and ensure the make region is a great place to scale a business.

The proposed funds include equity and loan products for regional businesses underserved by the mainstream market. These gaps have been identified by an independent review of the supply and demand for finance in the region, which has identified a persistent gap in investment available to regional businesses of up to £19m per annum. It is proposed that the funds are pump-primed by £70m of investment by the NE Combined Authority, which would be re-cycled multiple times over 15 years; as a result, it is anticipated that £390m will be invested in regional SMEs, including private sector co-investment of £170m.

Whilst the proposed financial commitment by the Combined Authority is significant, the expected impact is also large, with an expectation that 3,000 jobs will be supported as a result of equity investment in and loans to companies; furthermore, this investment is phased over the first five-year investment period of the Combined Authority. Once the initial investment is made, the fund is materially self-sufficient for a further ten years. Due to the returnable nature of the investments made through the fund – the net legacy expected to be available at the conclusion of the fund, after funding is returned through loan repayments by investees, the sale of equity stakes taken in early-stage companies, and after all economic benefit has been delivered, is expected to be £13m – more if external borrowing is not required and interest savings can be re-invested.

All funds will be operated by the holding company The North East Fund Ltd (NEF Ltd), of which the seven constituent local authorities of the North East Combined Authority are members.

Cabinet is asked to make a headline financial allocation to support the priorities set out in this report, and to approve the launch of a procurement exercise to be undertaken by the NEF Ltd, which will identify fund managers to mobilise the funds set out in this report. The award of funding to the NEF Ltd will be subject to a further decision to be taken by Cabinet once procurement for fund managers is completed and preferred bidders are identified. Final proposals will be reviewed by the Technical Officers Group and the Finance and Investment Board, and this will result in a report seeking authorisation to award funding, including any legal matters, and final outputs and outcomes to be contracted. Procurement of the fund managers is expected to begin in late September and is scheduled to complete in January 2025.

Recommendations

Cabinet is recommended to:

1. Endorse the approach to unlocking finance for North East businesses to start, and to grow, as set out in the report, which has been recommended for approval by North East CA Finance and Investment Board.
2. Allocate £70m of North East CA Investment Fund, which is expected to unlock over £350m of investment in regional businesses over 15 years, to implement these proposals.
3. Authorise the Chief Executive, in consultation with the relevant portfolio holders, 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, to receive a proposal for approval and award of funding, setting out the outputs and outcomes which will be achieved.
 5. 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.

A. Context

1. Strategic Context and SME Demand for Finance in the North East (NE)

- 1.1 The region has historically suffered from low availability of investment to support business growth. While this is an issue facing most regions, the issue in the NE is particularly acute – in part because of our lack of proximity to London, and the significant institutional investment there, which despite efforts to spread investment more evenly across the country, still tends not to ‘travel’; our relatively small scale, which results in exciting, but on average smaller investment opportunities; and the relative lack of venture fund and investor presence in the region.
- 1.2 The region has a history of investing in local approaches to address the main gaps left as a result of this reduced activity by the mainstream market, and the North East Fund is the latest fund established by the region in 2018 – since then it has provided £152m of investment and has generated significant economic development outputs, provided significant growth funding for SMEs who would otherwise have been underserved, created and safeguarded thousands of jobs for the region, and generated legacy funds for re-investment. The current North East Fund reaches the end of its planned investment period in December 2024 – it will continue to generate legacy returns for years to come that can be re-invested a successor arrangement.
- 1.3 Continuing availability of funding for businesses, particularly where this isn’t available from the mainstream offering, is critical in delivering the region’s ambitions for growth across the whole economy. These ambitions are set out in the devolution deal, trailblazer deal, recent Portfolio Strategic Priorities agreed by Cabinet in July and the mayor’s commitment to support new and growing business across the region to help create jobs and grow our regional economy. The importance of access to investment to support business innovation and growth is also recognised in the Government’s Plan for Small Business.
- 1.4 In finalising the proposals in this report, we have:
 - Undertaken an externally commissioned market assessment, which included dialogue with financial professionals, economic development experts, and investment managers, which has shaped the development of the ambitious proposals to meet the gaps in finance for regional businesses identified set out in this report.
 - Developed a business case for investment, which has been assessed in line with the Single Assurance Framework and recommended by Finance and Investment Board for Cabinet Approval.
 - Undertaken dialogue with regional universities on the creation of an early-stage equity commercialisation and spinout fund, a co-invested approach to meeting the finance needs of early-stage spinout companies, and to unlocking the economic potential and innovation benefits for the region.

Current Business Finance Landscape

- 1.5 In March, Hatch Associates Ltd were commissioned to undertake an SME Finance Market Assessment within the region, this review was overseen by a cross-regional steering group and the region's Economic Directors group.
- 1.6 This review identified the size and nature of the current gap in supply of finance in the region - including assumptions on how existing funds and new national Government schemes, such as the Northern Powerhouse II Fund (NPIF II), will impact the region. The market assessment has shown an overall gap between demand and available supply of investment of £23-28m per annum, where there is a clear rationale for public investment support.
- 1.7 The most significant gaps relate to early-stage equity funding, where the investor takes an ownership stake in the company in return for investment (£8-9m pa) and loan-based funding for established SMEs which is repaid with interest (£10-12m pa). Once estimated NPIF II investment of £8.95-12 million per annum in SMEs in the NE is accounted for, the residual gap is c. £12-19 million per annum over the next five years.

Specific gaps for investment in Research and technology commercialisation

- 1.8 The Devolution Deals, outline Local Growth Plan, emerging Industrial Strategy, Investment Zone and draft Investment Framework prioritise the objective of driving innovation and R&D investment in the North East - new and growing innovation intensive companies in the region are critical to achieving this objective, and company spinout from research and innovation intensive institutions in the region is a key source of these high-growth potential companies.
- 1.9 The market assessment highlighted significant gaps in very early-stage investment for companies with potential to turn innovative research and novel technologies into scaling businesses based in the region. A particular shortage of patient investment with a relatively high-risk tolerance was identified – this type of investment is critical in supporting high-growth potential early-stage ventures, many requiring investment before they have generated any revenues, but with strong Intellectual Property underpinning them as a result of commercialisation of research and innovation activity in our universities, NHS and Catapults.
- 1.10 Critically, gaps in finance availability are apparent across the spectrum, from businesses in the foundational economy seeking modest organic growth, to highly innovative businesses with significant scale-up potential. A gap of this scale, within a regional economy with already subdued start-up, growth and innovation rates, reinforces existing structural barriers to the NE reaching its economic potential and must be addressed, as part of a wider inclusive industrial strategy and refreshed approach to business support.

2. Proposed Objectives

It is proposed that our access to finance priorities are to:

- deliver significant economic impact from direct combined authority investment in improving access to investment for start-up and growth for regional businesses, by meeting identified market gaps.
- seek to return initial combined authority investment in-tact, after significant economic impact is delivered, and where possible seek to generate legacy funding to sustain the model in future.
- achieve a minimum economic fund scale, which is critical to attain necessary impact and operating efficiency and a mix of funds (equity and loan) that meets market requirements, while minimising pump priming capital required to initiate the model.
- ensure local fund managers' presence to provide regional coverage, as understanding of local economic development needs is deemed essential based on previous experience of driving take-up of funding across the region.

- Attract net additional and new flows of capital into the region and continue to position the region well to respond to national opportunities including Government policy to create a National Wealth fund and optimise regional investment.

3. Specific Proposals

3.1 This report asks Cabinet to make an allocation of £70m to support a strategic and long-term approach to the access to finance needs of the area which will lead to significant re-cycling of investment over a 15-year investment period. This will ensure funds can accommodate more patient investment required by early-stage businesses – which is a key gap in the market currently. It will also allow for greater re-cycling of legacies and ensure an optimum period for any borrowing by the Combined Authority to be repaid, without detrimental impact on the funding available to regional businesses.

3.2 **To meet the gaps identified in section 1 of the report, there are two main proposals which have been endorsed by North East CA Finance and Investment Board.** Each proposal will result in a number of legally distinct sub-funds, to sit within the NEF Ltd Holding Company, which is currently owned by the constituent local authorities of the North East Combined Authority.

A. A successor to the current North East Fund

3.3 The First fund proposed responds to the main gap in available finance which will emerge when the current North East Fund ceases investing in December 2024.

This fund will 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 and is likely to include three sub-funds:

- An actively managed Venture Fund – late seed and series A equity and Proof of Concept type convertible loans.
- An actively managed Development Capital Fund - predominantly loans and mezzanine with some equity investments; and
- A passive co-investment fund - any instrument subject to pari passu terms with co investors.

B. University co-invested early-stage equity commercialisation and spinout fund.

3.4 The second proposed fund will 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. The demand for this type of finance is reflected within the Hatch market assessment and the commercialisation pipelines from our universities, which have been shared with the Combined Authority.

3.5 This fund will be in the region of £28m, made up from £10m of Combined Authority investment and co-investment from regional universities. This fund will provide early-stage funding to turn innovative research and novel technologies into scaling businesses based in the region, and is likely to include two sub-funds:

- An actively managed early-stage equity fund – pre-seed, seed and Proof of Concept type convertible loans; and
- A co-investment Fund - any instrument subject to pari passu terms with co investors.

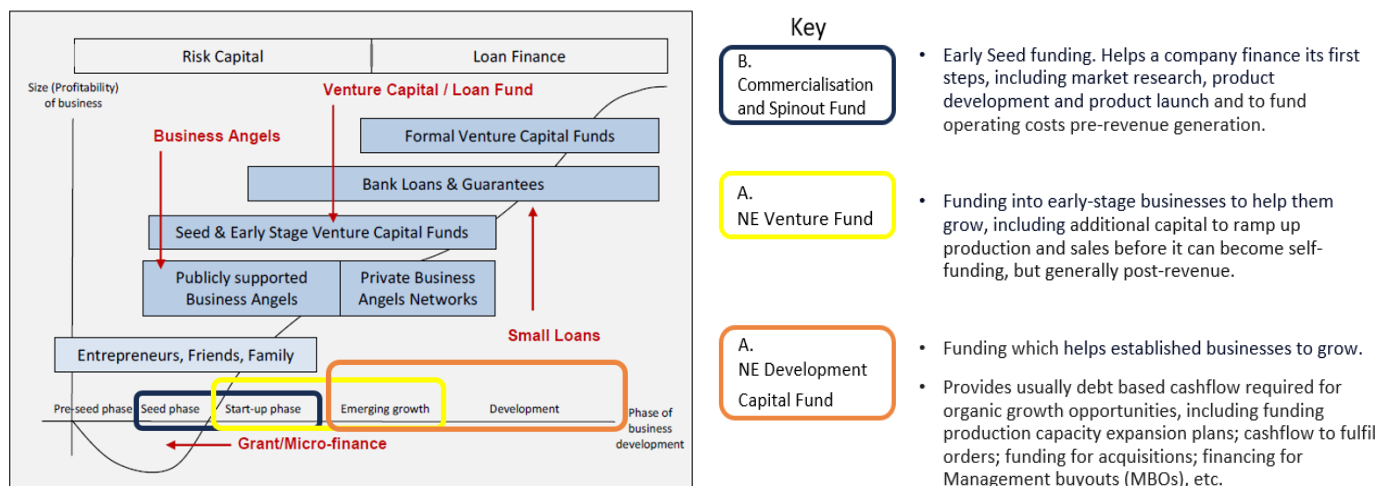
**** the commercialisation and spinout fund remains subject to investment committee approvals from co-investing institutions.***

3.6 The creation of innovative companies and scalable ventures built on technology and Intellectual Property through this fund is important in ensuring long term pipeline for our strategic sites and

innovation districts including Aykley Heads, the Helix, NetPark and IAMP, and for catalytic investments including the North East Space Skills and Technology Centre at Northumbria University, and the creation of the Heath Innovation Neighbourhood in Newcastle.

4. Summary of overall approach

4.1 The diagram below illustrates the different types of funding businesses require at different stages of their maturity, and the typical sources of that funding. Many businesses will access the funding they need from mainstream sources – however the proposals for Combined Authority investment are designed to enhance the system, where the market is failing to meet regional needs. The key illustrates how the proposals set out above fit into the overall funding environment for businesses and the main ways in which the funding provided to businesses is used:



4.2 Over 15 years, through the proposals set out in this report, £390m will be invested in regional SMEs which includes initial recyclable investment, including private sector co-investment of £170m. This is expected to generate potentially 3,000 jobs as result of investment in/loans to companies, particularly where the mainstream market is not providing funds on practical or affordable terms and as a result the activity will be unlikely to happen in the absence of regional investment.

5. Delivery Arrangements

- 5.1 The funds described in this report will be under the control and day to day management of the NEF Ltd, which is a company limited by guarantee whose members are the seven constituent Local Authorities of the North East Combined Authority area.
- 5.2 The NEF Ltd will operate the holding funds and undertake the role of ‘implementing body’ which includes the procurement and management of fund managers, in line with the Objects of the company.
- 5.3 This management approach enables economies of scale and value for money, whilst facilitating co-investment by strategic partners, including regional universities. The funding arrangements between the Combined Authority and NEF Ltd will govern the release of funding to NEF Limited and the Combined Authority’s requirements as to the operation of the funds.

6. Next Steps

- 6.1 Subject to Cabinet approval, a procurement process will be launched by the NEF Ltd to identify Fund Managers; procurement is likely to begin in late September and is scheduled to complete in January 2025. Technical Officer Group and the Finance and Investment Board will be asked to consider the outcome of this process, prior to a report to be taken to Cabinet seeking approval to award funding.
- 6.2 In addition to taking the necessary practical next steps to implement the proposals set out in the report, a review of all current financial arrangement under the control of the North East Combined Authority will be led by the Director of Finance and Investment; this will include funds which have transferred from the North of Tyne Combined Authority and the North East Local Enterprise Partnership. An overview and recommendations will be brought to a future meeting.

B. Impact on North East Combined Authority Objectives

All the activity described above supports the strategic aspirations of the North East Combined Authority as described in the North East Devolution Deal (December 2022), the Deeper Devolution Deal announced in March this year and the interim Corporate Plan.

In addition, the activity has direct impact on priorities set out within the Mayoral Manifesto, in particular priorities relating to 'strong economic foundations' and 'world class arts and culture'. The recent Portfolio Strategic Priorities agreed by Cabinet in July also set out priorities directly related to the proposals in this report, including within the Economy Portfolio and Finance and Investment Portfolio where a joint priority to "bring forward the next access to investment programme for local businesses" and "tackle gaps in the availability of finance (loan and equity)" were agreed. Within the Culture, Creative, Tourism and Sport portfolio priorities to support culture and creative industries investment were identified and within the Environment, Coast and Rural portfolio the production of a comprehensive Environmental Stewardship, Coast and Rural Growth Investment Plan is proposed, which will include meeting the investment needs of SMEs.

C. Key risks

The risks associated with this proposal are being fully considered through the Combined Authorities Assurance Framework and will be set out in full at the point a funding decision is requested in January 2025. Financing of this proposal includes the requirement for £30m borrowing by the North East CA. At this point this is a risk due to the delay in securing non-transport borrowing powers for the North East CA. The delay being due to the General election being called.

D. Financial and other resources implications

Total Funding requested in this paper is £70m. This would be taken from North East CA Investment Fund, borrowing undertaken by the Combined Authority and NTCA Investment Fund Reserve, in the case of £10m of resources which have previously been approved by NTCA Cabinet in March 2024.

	2025-6	2026-7	2027-8	2028-9	2029-30	Total
Borrowing	10m	8m	7m	5m		30m
Grant	10m	8m	7m	5m		30m
Grant 2 (NTCA Reserve)	2m	2m	2m	2m	2m	10m
Total	22m	18m	16m	12m	2m	70m

It is proposed that this fund is pump-primed by £70m of investment by the North East CA, which would re-cycle multiple times and over 15 years £390m will be invested in regional SMEs, including private sector co-investment of £170m.

Whilst the proposed financial commitment by the Combined Authority is significant, the expected impact is also large, with an expectation that 3,000 jobs will be supported as result of equity investment in and loans to companies; furthermore this investment is phased over the first five year investment period of the Combined Authority and once the initial investment is made the fund is materially self-sufficient for a further ten years. Due to the returnable nature of the investments made through the fund – the net cost, after funding is returned through loan repayments by investees and the sale of equity stakes taken in early stage companies - the net cost to the combined authority after all economic benefit has been delivered is up to £13m, less if external borrowing is not required and interest savings can be re-invested.

E. Legal implications

The comments of the Monitoring Officer have been included in this report.

F. Equalities Implications

The North East CA complies with the Public Sector Equality duty and is conscious of the need to achieve the objectives set out under s149 of the Equality Act 2010. In June 2024 the North East CA adopted equality objectives to reflect the different roles of the Combined Authority as an employer, a commissioner and deliverer of services, and a civic leader. There are no direct equalities implications arising out of the recommendations in this report.

G. Consultation and engagement

Consultation has been undertaken with the Chief Executive, the Mayor and Cabinet and with Local Authority Economic and Finance Director Groups.

H. Appendices

None

I. Background papers

None

J. Contact officer(s)

Mark Stamper, Head of Economic Delivery. Mark.stamper@northeast-ca.gov.uk

K. Glossary

CA	Combined Authority
NEF LTD	The North East Fund Limited
North East CA	North East Combined Authority
NE	North East
NHS	National Health Service
NPIF II	Northern Powerhouse Investment Fund two
R&D	Research and Development
SME	Small and Medium Sized Enterprise

Title: Overview and Scrutiny Work Programme
Report of: Michael Robson, Senior Governance Officer

Report Summary

At its previous meeting the Committee agreed that the Chair and Vice Chair work with relevant officers to further develop the Committee's work programme for the remainder of the year taking into account members' comments. This report presents the outcome of that work in the form of a revised work programme.

Recommendations

The Overview and Scrutiny Committee is recommended to:

- a) approve the contents of the Overview and Scrutiny Work Programme as set out in Appendix A;
- b) authorise the Chair and Vice Chair to continually review and revise the work programme as necessary so that the Committee can react to changes within the Authority and so scrutiny can be undertaken on policy development as it evolves; and
- c) include as a standing item on the agenda of future Committee meetings an opportunity for members to review the work programme, suggest items for inclusion and agree any changes.

A. Context

At its previous meeting the Committee considered its work programme and agreed that the Chair and Vice Chair work with relevant officers to further develop the programme for the remainder of the year taking into account members' comments. Since then, discussions with the Chair, Vice Chair and senior officers within the authority have culminated in the production of the revised work programme attached as Appendix A. The Committee is asked to approve this revised work programme.

So that there is flexibility to react to changes within the Authority and so scrutiny can be undertaken on policy development as it evolves, it is proposed that the Chair and Vice Chair be authorised to continually review and revise the work programme as necessary. It is also proposed that work programme be reported to each Committee meeting to enable all members of the Committee to review the work programme, suggest items for inclusion and, if necessary, agree any changes.

B. Potential Impact on Objectives

The Overview and Scrutiny Committee enables local councillors, on behalf of their communities, to scrutinise and challenge the Cabinet and the Mayor on delivery of the Authority's ambitions and objectives and to consider matters of strategic importance to residents within the Authority's area with a view to influencing their decisions.

C. Equalities Implications

There are no direct equalities implications arising out of the recommendations in this report. However the Overview and Scrutiny should be mindful of its Public Sector Equality Duty and to consider whether its activities and the work it is scrutinising eliminates discrimination, harassment

and victimisation; advances equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and fosters good relations between persons who share a relevant protected characteristic and persons who do not share it.

D. Consultation and Engagement

Discussions with the Chair, Vice Chair and senior officers within the authority have culminated in the production of the revised work programme.

E. Appendices

Appendix A – Overview and Scrutiny Committee Work Programme

F. Background Papers

Minutes of the Overview and Scrutiny Committee held on 8 October 2024

[Overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123456/Overview_and_scrutiny_statutory_guidance_for_councils_combined_authorities_and_combined_county_authorities.pdf)

[Scrutiny Protocol for English institutions with devolved powers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123457/Scrutiny_Protocol_for_English_institutions_with_devolved_powers.pdf)

[Centre for Governance and Scrutiny - Overview and scrutiny in combined authorities: a plain English guide 2nd Edition](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/123458/Centre_for_Governance_and_Scrutiny_-_Overview_and_scrutiny_in_combined_authorities_a_plain_English_guide_2nd_Edition.pdf)

G. Contact Officers

Michael Robson, Senior Governance Officer Michael.robson@northeast-ca.gov.uk 0191 277 7242

The North East CA has appointed an Overview and Scrutiny Committee to enable local councillors, on behalf of their communities, to scrutinise and challenge the Cabinet and the Mayor and to consider matters of importance to residents within the Authority's area with a view to influencing their decisions. Effective scrutiny arrangements are an essential component of local democracy, enhancing accountability and transparency of decision making.

This work programme sets out how the Committee intends to fulfil this role. The programme will be regularly reviewed and refreshed by the Committee so that it can react to changes within the Authority and so scrutiny can be undertaken on policy development as it evolves.

When deciding whether an item should be included in the work programme, the Committee should consider the following evaluative questions:

- Do we understand the benefits scrutiny would bring to this issue?
- How could we best carry out work on this subject?
- What would be the best outcome of this work?
- How would this work engage with the activity of the executive and other decision-makers, including partners?"

Anyone who has any suggestions for inclusion in the work programme can contact:

Michael Robson

Senior Governance Officer

Email: michael.robson@northeast-ca.gov.uk

Tel: 0191 277 7242

Part A – Work Programme

The Committee intends to undertake the following scrutiny exercises.

5 November 2024 – Committee Meeting – Sunderland City Hall		
Scrutiny Exercise	Lead Cabinet Member /Officer(s)	Notes
<p>Child Poverty To receive an overview in terms of the following to help to set the scene for possible future scrutiny work over the coming year or so</p> <ul style="list-style-type: none"> ○ the current position re child poverty in the region (key facts and figures and some themes/key issues) ○ what initiatives are already underway across the region ○ a reminder of what Cabinet have agreed to re setting up the Child Poverty Unit ○ the planned summit on 18 November (OSC Members have been invited) 	<p>Adrian Dougherty Interim Strategic Leader for Skills, Inclusion and Public Service Reform</p> <p>Joanna Unthank Senior Programme Manager</p>	<p>Reported to Cabinet on 17 Sept 2024.</p>

<p>Mayor's Opportunity Fund To receive a progress update on the latest position/next steps.</p>	<p>Adrian Dougherty, Interim Strategic Leader for Skills, Inclusion and Public Service Reform</p> <p>Robin Fry, Inclusive Economy Advisor</p>	<p>Reported to Cabinet on 17 Sept 2024.</p>
<p>Unlocking Finance for North East Businesses to start, and to grow To receive an overview of finance available.</p>	<p>Rob Hamilton, Interim Strategic Leader for Economic Growth and Regeneration</p> <p>Mark Stamper, Head of Economic Delivery</p>	<p>Reported to Cabinet on 17 Sept 2024.</p>
<p>Work Programme To review and agree the committee's work programme in the light of comments made by members at its meeting on 8 October 2024 and the outcomes from the informal briefings held in August and September 2024 with Cabinet members on the Strategic Portfolio Plans.</p>	<p>Michael Robson Senior Governance Officer</p>	

10 December 2024 – Committee Meeting (Newcastle Civic Centre)		
<p>Initial Budget and Corporate Plan Proposals a) To consider the Cabinet and Mayor's initial budget and Corporate Plan proposals (including performance management framework) and accompanying information; b) to examine the consultation proposals and timetable; and c) make recommendations on these, where it is considered appropriate, to the Cabinet and Mayor.</p>	<p>Janice Gillespie Director of Finance and Investment</p> <p>Jackie Laughton Director of Operations</p>	
<p>Q2 Budget Monitoring Report To monitor the Authority's financial position for the Corporate Budget and all funding streams as at 30 September 2024.</p>	<p>Janice Gillespie Director of Finance and Investment</p>	<p>The Committee may prefer to receive a broader combined financial and non-financial CA performance report once the performance framework is finalised.</p>

<p>North East Environmental Stewardship, Coast and Rural Growth Investment Plan To consider a proposal for funding in principle for phase 1 of a programme.</p>	<p>Janice Rose, North East CA Rural Advisor</p> <p>Ross Lowrie, Principal Low Carbon & Net Zero Manager</p>	<p>Due to be considered by Cabinet in November 2024</p>
<p>Education Improvement Programme The CA is collaborating with the Department for Education and school leaders in co-designing the scope of an Education Improvement Programme. Councillor Dixon had suggested details of the programme could be presented to the Committee as they emerged.</p>	<p>Adrian Dougherty, Interim Strategic Leader for Skills, Inclusion and Public Service Reform</p> <p>Andrew Garrad, Senior Programme Manager</p>	

14 January 2024 – Budget and Corporate Plan Workshop (Teams and The Lumen)		
<p>Revised Budget and Corporate Plan Proposals</p> <p>a) To consider the revised proposals following completion of the consultation process, together with relevant background information;</p> <p>b) to evaluate the proposals against that background information; and</p> <p>c) agree any recommendations and/or observations to the Mayor/Cabinet.</p>	<p>Mags Scott, Interim Director of Finance and Investment</p> <p>Jackie Laughton Director of Operations</p>	<p>An informal workshop.</p>

4 February 2025 –Committee Meeting (South Shields Town Hall)		

4 March 2024 – Committee Meeting (Quadrant, North Tyneside)		
<p>Overview and Scrutiny Committee Annual Report To approve the annual report for submission to Cabinet.</p>	<p>Michael Robson, Scrutiny Officer</p>	
<p>Q3 Budget Monitoring Report To monitor the Authority’s financial position for the Corporate Budget and all funding streams as at 31 December 2024.</p>	<p>Mags Scott, Interim Director of Finance and Investment</p>	<p>Or receive a broader combined financial and non-financial CA performance report.</p>
<p>Adult Education Budget and Skills</p>		<p>These items were included in the work programme in July 2024 and will require review and clarification.</p>
<p>Strategic Portfolio Delivery Plans Update</p>		
<p>Transport – first year in review</p>		

Equality Objectives To review delivery of the Authority's initial equalities objectives set for 2024/25 and to contribute to the formulation of a set of longer term equality objectives to be agreed by Cabinet in May 2025.	Robin Fry, Inclusive Economy Advisor	
North East Local Transport Plan To receive and consider the feedback received during the public consultation exercise on the draft Local Transport Plan.	Tobyng Hughes Director of Transport Philip Miekle Rachelle Forsyth-Ward	Cabinet due to approve final LTP on 11 March 2025.

July 2025		

Autumn 2025		

Spring 2025		

2025-26		
Bus Reform To consider the outcome of the Bus Franchising Assessment.	Tobyng Hughes, Director of Transport Lucy Keating, Head of Bus Reform	Bus Reform Options were previously considered in Oct 2024.

Part B – Potential Exercises

The following topics have been suggested as areas for examination but the timing and method of scrutiny have yet to be determined. There are a range of methods which may be used including formal committee meetings, the appointment of task and finish groups, meetings with the Mayor and Cabinet members, informal briefings, workshops, all day inquiries, fact finding visits or community engagement.

Scrutiny Exercise	Lead Cabinet Member /Officer(s)	Notes
<p>Local Growth Plan To contribute to the development of a local plan to grow the economy in the North East area.</p>	<p>Kim McGuinness, North East Mayor</p> <p>Rob Hamilton, Interim Strategic Leader for Economic Growth and Regeneration.</p>	<p>Likely to be ready around April time.</p>
<p>Community Infrastructure Fund Councillor Dixon offered to provide the Committee with more details of a proposed Community Infrastructure Fund when more details were available. The aim of the fund will be to help communities to secure community buildings and assets within their local area.</p>	<p>Councillor Tracey Dixon</p> <p>Mandi Cresswell Policy & Economy Adviser (Social Economy)</p>	
<p>Single Assurance Framework Councillor Michael Mordey indicated he would welcome the Committee’s input into the management of the assurance framework.</p>	<p>Councillor Mordey</p> <p>Director of Finance and Investment</p>	<p>The Chairs of the ASC and OSC will need to co-ordinate an approach to the SAF as the Audit and Standards Committee also intends to review the framework.</p>
<p>Visitor Economy Strategy and Destination Development Partnership Councillor Hopgood has invited the Committee to consider and make recommendations on options for delivery of a Tourism and Visitor Economy Strategy and whether there should be one organisation for the whole of the area or if they should remain separate.</p>	<p>Councillor Hopgood</p> <p>Mark Adamson Principal Sector Growth & Delivery Manager</p>	
<p>Employer Accreditation Scheme To consider proposals to establish a framework to help employers identify what ‘good work’ looks like, get recognised or make improvements.</p>	<p>Caroline Preston, Policy & Economy Adviser</p>	<p>The scheme is due to be launched at the end of January 2025.</p>
<p>Brownfield Housing Fund To examine the impact of the Brownfield Housing Fund Programme to remediate and revitalise brownfield sites across the area for the provision of new homes.</p>	<p>Mark Stamper, Head of Economic Delivery</p> <p>Heather Orton, Principal Housing Infrastructure Manager</p>	<p>Previously reported to the NTCA OSC in March 2024.</p>

<p>Adult Well-Being and Health and Ability to Work To examine adult well-being and health and its relationship to individuals' ability to work in the North East.</p>		<p>The NECA OSC held a one day conference in February 2024 with a view to informing the North East CAs work programme.</p>
<p>Inward Investment To examine the region's approach to attracting inward investment into the North East England.</p>	<p>Guy Currey, Head of Inward Investment</p>	
<p>Investment Zones To consider the impact of Investment Zones introduced by Government to catalyse the development of high-potential industry clusters. In November 2023, it was confirmed the North East would benefit from IZ status supported by £160 million investment over 10 years.</p>	<p>Rob Hamilton, Interim Strategic Leader for Economic Growth and Regeneration</p>	
<p>Devolution To consider the implications of emerging national policy on the CA and the region, particularly the White Paper on English Devolution.</p>	<p>Henry Kippin, Chief Executive</p>	
<p>North East Railways In querying the need for increasing freight capacity on the rail network it was suggested that members may wish to consider in more detail the Authority's ambitions for rail services and how these can be delivered in collaboration with Great British Railways.</p>	<p>Tobyn Hughes, Director of Transport</p>	
<p>Northumberland Line It is suggested that in order to review and assess the benefits of transport investment, members ought to undertake visits and they could begin with a train journey on the Northumberland Line to Ashington where the Committee could hold a future meeting. It was noted that an external review of the Northumberland Line project was being undertaken and its findings could be reported to the Committee</p>	<p>Northumberland CC</p>	<p>Officers have advised that this is a Northumberland CC scheme, not CA. They suggest an informal visit to the line, later in the year after May in the context of improving OSC's knowledge of developing and constructing rail schemes, with members of the Northumberland Line project to talking through the key features of the scheme and lessons learnt.</p>
<p>Metro Expansion and Leamside Line To consider the Outline Business Case for the Washington Metro Loop and the Strategic Outline Case for the re-opening of the southern section of the Leamside Line.</p>	<p>Tobyn Hughes, Director of Transport</p>	

<p>Nexus To review the performance of Nexus against its Corporate Business Plan for 2023/24</p>	<p>Catherine Massarella, John Fenwick and Stuart Clarke, Nexus</p>	<p>Previously reported to the JTC OSC in Oct 2023.</p> <p>In Sept 2024 Chair & Vice Chair agreed that performance info needed to be scrutinised but by another body not OSC.</p>
<p>North East Bus Enhanced Partnership and Bus Service Improvement Plan (BSIP) To examine progress in delivering the programme of interventions to reverse the decline in bus patronage and increase bus modal share.</p>	<p>Tobyn Hughes, Director of Transport</p> <p>Heather Jones, Head of Enhanced Partnerships</p>	<p>Previously reported to JTC OSC</p> <p>Discussed at meeting held on 8 Oct 2024.</p>
<p>North East Zero Emission Vehicle (ZEV) Strategy To examine delivery of the Strategy which seeks to expand the public charging network in the North East, support an increase in the uptake of zero emission vehicles and look at alternative fuels.</p>	<p>Rachelle Forsyth-Ward, Head of Transport Policy and Strategy Development</p>	<p>Previously reported to JTC OSC</p>
<p>North East Active Travel Strategy To examine delivery of the North East Active Travel Strategy which set a target for over half of all shorter journeys in the North East (under 5 miles) to be made by active travel by 2035, up from 37% in 2018/19.</p>	<p>Tobyn Hughes, Director of Transport</p>	
<p>Key Route Network To consider proposals for a Key Route Network (KRN) Strategy, the development and delivery of a single asset management plan for the North East road network and its relationship with National Highways.</p>	<p>Tobyn Hughes, Director of Transport</p>	

Part C – Member Development

In addition to conducting scrutiny exercises set out above, the Committee will also undertake other activities to enhance members’ knowledge and skills to effectively fulfil their role as scrutineers.

Activity	Detail	Timescale
Induction	<p>A presentation from the Chief Executive on the North East CAs vision, powers, priorities and structures.</p> <p>Introduction to the role of O&S, the difference between local and combined authority scrutiny, work programming and the role and expectations of a scrutiny members.</p> <p>Review of work programme and methods of working.</p>	July 2025
Pre-Meetings	The Committee will meet remotely and informally ahead of each Committee meeting and following publication of the agenda to prepare and co-ordinate key lines of enquiry.	To be held at 12noon on the Friday before each committee meeting via Microsoft Teams.
Informal Workshops	The Committee may wish to meet informally to review and determine its work programme, methods of working or undertake preparatory research ahead of formal meetings.	
Members’ Briefing	Members of the Committee will be sent regular written briefings containing details of news and developments relating to the North East CA.	Monthly
Specific Briefings	Members may request on line or in person briefings to gain a better understanding on specific areas of the Authority’s work and provide members with an opportunity to select topics for further more detail scrutiny.	
Centre for Governance and Scrutiny Training	It is proposed that the CfGS be commissioned to deliver a bespoke training session for OSC members.	To be arranged.
Centre for Governance and Scrutiny Training	Members will be encouraged to join the annual training programme delivered by the CfGS in the region.	
North East Scrutiny Network	Members will be encouraged to participate in the Network to liaise with other authorities and share good practice.	Quarterly Meetings

Part D – Action List

The action list below records and tracks the Committee's requests for information.

Meeting Item	Requested Action	Outcome/Status	Lead
16 July 2024 Minute OSC5/7/24	Members asked that they be provided with supplementary information regarding expenditure on consultancy support for the City Region Sustainable Transport Settlement (CRSTS) programme.	Information circulated with written monthly briefing on 19 August 2024.	Jonathan Bailes Head of Transport Programmes Eleanor Goodman Finance Manager