

## Overview and Scrutiny Committee

**5 November 2024**

(10.00am)

Meeting held in: Committee Room 1, City Hall, Sunderland

### Minutes

**Present:**

- Councillor Colin Ferguson (Chair)
- Councillor Rob Crute
- Councillor Steve Fairlie
- Councillor Brian Gallacher
- Councillor Chris Lines
- Councillor John McCabe
- Councillor Dominic McDonough
- Councillor Jim Montague
- Councillor Claire Rowntree
- Councillor Willie Samuel
- Councillor Dawn Welsh

### OSC10/11/24 Apologies for Absence and Substitutes

Apologies for absence were received from:

Councillor Richard Dodd.

Councillor Charlie Gray. Councillor Willie Samuel attended the meeting as his substitute.

Councillor Antony Mullen. Councillor Dominic McDonough attended the meeting as his substitute.

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

### OSC11/11/24 Declarations of Interest

Councillor Colin Ferguson declared a Registerable Personal Interest in relation to the Authority's child poverty reduction initiatives (Minute OSC14/11/24) by virtue of his employment with Altitude Foundation.

### OSC12/11/24 Minutes

**Resolved** that the minutes of the previous meeting held on 8 October 2024 be confirmed and signed as a correct record.

### OSC13/11/24 Unlocking Finance for North East Businesses to start, and to grow

The Cabinet had approved proposals to create new equity and loan products for regional businesses underserved by the mainstream market. Janice Gillespie, Director of Finance and Investment, and Mark Stamper, Head of Economic Delivery, presented details of the funds.

One 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). Another 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, would operate the funds and undertake the role of 'implementing body' including the procurement and management of fund managers.

The Committee sought assurances as to how the risks associated with the funds would be managed by the North East Fund, the fund managers and the Authority through its Single Assurance Framework (SAF). The Committee acknowledged the role of the Audit and Standards Committee in reviewing the application of the SAF and its intention to do so at a workshop to be held in November 2024. Members agreed that the Overview and Scrutiny Committee ought to work in conjunction with the Audit and Standards Committee so that it too could be assured of the effectiveness of the SAF and noted that the topic had already been included in the work programme.

The Committee also asked a series of questions when the following aspects of the funds were examined in more detail:

- a) how the funds would form part of a broader range of support offered to local businesses;
- b) how the funds would have a clear focus on supporting businesses with a material interest in the North East area;
- c) how the use of the funds and their impact in terms of economic growth would be spread and evaluated across the 7 constituent council areas;
- d) whether the initial recyclable investment represented value for money;
- e) the benefits of local fund managers being present in the region, understanding local needs and attracting new and additional flows of capital into the region; and
- f) the extent to which the funds would address the long term structural problem of low availability of investment in the region.

It was **agreed** that:

1. the Committee work in conjunction with the Audit and Standards Committee to review the operation of the Authority's Single Assurance Framework;
2. the Committee receive a progress report in relation to the management of the funds at a future meeting in 12 months time; and
3. a briefing note setting out initial progress be provided to members of the Committee after 6 months.

### **OSC14/11/24 Child Poverty Reduction**

Henry Kippin, Chief Executive, and Jackie Laughton, Director of Operations, attended the meeting to present and discuss details of the Authority's child poverty reduction initiatives.

An allocation of £2.7m from the Investment Fund had been approved to extend child poverty reduction work in schools, workplaces and families across the North East area during the 2024/25 academic year. The Cabinet had also recently agreed 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 the Authority's investment in areas like job creation, skills, transport and housing would directly impact on the people who need it the most.

The Committee asked a series of questions and made comments in relation to the initiatives when the following issues were discussed in more detail:

- a) how the programmes would engage with hard to reach children who may not be attending school;
- b) whether the £0.5m to be invested in the establishment of the Child Poverty Reduction Unit would be better spent supporting existing child poverty prevention initiatives. In response the Chief Executive set out the aim of the unit in terms of building a strategic long term and collaborative approach to child poverty reduction in the region, building on existing initiatives and sharing best practice;
- c) the opportunity for the child poverty initiatives to facilitate minor adjustments in how services are delivered depending on the local situation so everyone felt included and the role of the Authority in normalising those messages and approach at a strategic level;
- d) the Authority's intention to draw together the two different approaches to the child poverty reduction work in schools in the northern and southern parts of the region into a single unified programme which would still recognise and support local needs; and
- e) the scale of the challenge in tackling child poverty and the connections between the Authority's regional approach and the impact of national policies.

The Chair thanked officers for their presentation and for answering members questions and he indicated that the Committee were likely to return to the topic at a future meeting.

### **OSC15/11/24 Mayor's Opportunity Fund**

The Committee met with Henry Kippin, Chief Executive, and Jackie Laughton, Director of Operations, to examine proposals 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. 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 due to be launched in November 2024, would seek to invest £225,000 in activity that supports cohesion, inclusion and resilience in some of the most socially and economically deprived areas. Grants would range from £1,000 to £10,000.

The Committee welcomed the fund as it provided much needed investment in small and grassroots groups who were well placed to make a positive impact in their communities. Members also commented on the scale and delivery of the Fund. In particular, the Committee:

- a) highlighted the relatively small amount of investment (£1m over two years) compared to the amounts already being invested by constituent councils to support community groups;
- b) queried the need to appoint an external delivery partner when constituent councils had existing mechanisms in place to administer the promotion, awarding, monitoring and evaluation of grants. Systems such as the Area Action Partnerships in Durham and those developed by town and parish councils had built up a wealth of knowledge and experience and members urged the Authority to consider utilising existing mechanisms to effectively deliver its grants;
- c) asked whether support could be offered to community groups on how to apply for the grants;
- d) suggested that priority be given to applications from those organisations who have not previously been in receipt of grant funding so that the Fund could act to plug gaps in the sector;
- e) stated that some organisations required very small amounts of funding and whether there was a possibility of offering grants of less than £1000; and
- f) emphasised the importance of engaging and empowering grassroots organisations in communities to help tackle the issues of poverty and deprivation.

It was **agreed** that the comments set out above be referred to relevant officers to be considered as part of the mobilisation of the Mayor's Opportunity Fund.

## OSC16/11/24 Overview and Scrutiny Work Programme

The Committee considered a revised work programme following work with the Chair and Deputy Chair to reflect on comments and suggestions made by members at its previous meeting. It was suggested that the Committee should consider housing issues as part of its work programme, including details of new housing bills, the private rentals sector and new homes building.

It was **agreed** that:

1. the revised Overview and Scrutiny Work Programme be approved;
2. the Chair and Vice Chair be authorised 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
3. the work programme be included as a standing item on the agenda of future Committee meetings to provide an opportunity for members to review the work programme, suggest items for inclusion and agree any changes.