

Draft Narrative Report Period ending May 6 2024



Narrative Statement

Introduction

This Narrative Report provides information about the North of Tyne Combined Authority (NTCA) and includes the key issues affecting the Combined Authority and its accounts. This report provides an explanatory narrative to key elements of the statements and sections in the accounts and provides a summary of the Combined Authority's financial performance for the period ending 6 May 2024 and its future financial prospects.

The report provides the reader with:

- A guide to the different financial statements within the Statement of Accounts.
- An overview of the activities and significant matters which have occurred during the year and the extended period to May 6 2024.
- A summary of the Combined Authority's financial performance during the period from April 1 2023 through to the extended year end to May 6 2024.
- A look ahead to 2024/25 when NTCA, along with the former North East LEP and Invest North East England, will be part of the North East Mayoral Combined Authority.
- Confidence in the Combined Authority's stewardship of public money and that it has been accounted for in an appropriate manner.

The Statement of Accounts contains all the financial statements and disclosure notes required by statute, prepared in accordance with the proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts give a true and fair view of the financial position of the Combined Authority. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.

The accounts feature four main financial statements:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cashflow Statement

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The purpose of each of the above statements is described at the end of this report and the actual statements are contained within the accompanying Statement of Accounts document, which also includes detailed notes providing further backup relating to specific amounts and balances.

The purpose of this Narrative Report is to collectively provide a comprehensive view of the Combined Authority's financial position, including that of the North East Local Enterprise Partnership (North East LEP) and Invest North East England (INEE) for which the North of Tyne Combined Authority became the accountable body on the 1 April 2020.

The format of the accounts reflects the impact of the Newcastle upon Tyne, North Tyneside, and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order), which changed the boundaries of the former North East Combined Authority (NECA) on the 2 November 2018 and established the North of Tyne Combined Authority (NTCA) as well as the North East Joint Transport Committee.

The report enables readers to focus on the key elements of the Statement of Accounts and contains the following sections:

- Annual Governance Statement.
- About North of Tyne Combined Authority.
- Key Facts about Governance Arrangements.
- Financial Performance of the Combined Authority for the extended year end to May 6 2023/24 including the North East LEP (North East LEP) and Invest North East England (INEE).
- Non-Financial Performance of the Combined Authority for the extended year end to May 6 2023/24.
- Key Priorities and upcoming Milestones
- Significant Issues for 2024/25 and beyond.
- Explanation of Accounting Statements included within the Statement of Accounts.
- Implementation of the Devolution Order.
- Joint Transport Committee.

Annual Governance Statement

The Combined Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Further information is available in the Annual Governance Statement which will be presented to the Audit and Standards Committee in conjunction with the Statement of Accounts. The Statement

explains how the Combined Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Statement can be found on the Combined Authority's website: [NTCA 2023/24 Annual Governance Statement](#)

About North of Tyne Combined Authority (NTCA)

NTCA was established to give effect to a 'minded to' devolution deal which was agreed between the three councils, the North East LEP and central government. At the same time, the North of Tyne Combined Authority was established, the North East Joint Transport Committee (JTC) was created, which continues to exercise the Transport functions.

The JTC brings together members from both NTCA and NECA, to allow effective decision making across the region and to ensure that the local needs and transport priorities are delivered. NECA retained the Accountable Body role for Transport on behalf of the North East Joint Transport Committee. NTCA became the Accountable Body for the North East LEP as of 1 April 2020.

A Deed of Cooperation was made on the 4 July 2018 between the seven Constituent Authorities in the area that outlines a framework for collaborative working across the region.

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

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

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

These changes also entailed the abolition of the Joint Transport Committee as the North East CA will be responsible for the exercise of transport functions across the regions in the future.

As the first stage of the statutory process, the North East Councils undertook a governance review regarding the proposals set out above. The results of the

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

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

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

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

Key Facts about Governance Arrangements

NTCA is a Mayoral Combined Authority. It has a range of functions some of which are identified as being Mayoral Functions. Decisions on these functions must be made by the Mayor. Decisions on all other functions must be taken by the Mayor and representatives of the constituent councils acting together as the Cabinet. All details of Governance arrangements pertaining to NTCA can be found within our Constitution which is available on North of Tyne Combined Authority website:

www.northofTyne-ca.gov.uk

NTCA Order and Constitution

The first mayoral election was held on 2 May 2019. Jamie Driscoll was elected as the Mayor for the North of Tyne Combined Authority. The Elected Mayor chairs the Cabinet and has a number of specific powers and financial resources. Decisions by the Elected Mayor and/or Cabinet are subject to scrutiny by the Overview and Scrutiny Committee.

Management Structure

Senior Officers of NTCA during 2023/24 to May 6 2024, consisted of: the Chief Executive (Designated Head of Paid Service), Director of Policy and Performance, the Director of Finance (Section 73 Officer), and the Monitoring Officer. The Monitoring Officer is a seconded post from Newcastle City Council (one of the three Constituent Authorities).

The Combined Authority has grown to 150 employees during 2023/24 to May 6 2024 with support services being provided under Service Level Agreements with the three constituent North of Tyne authorities.

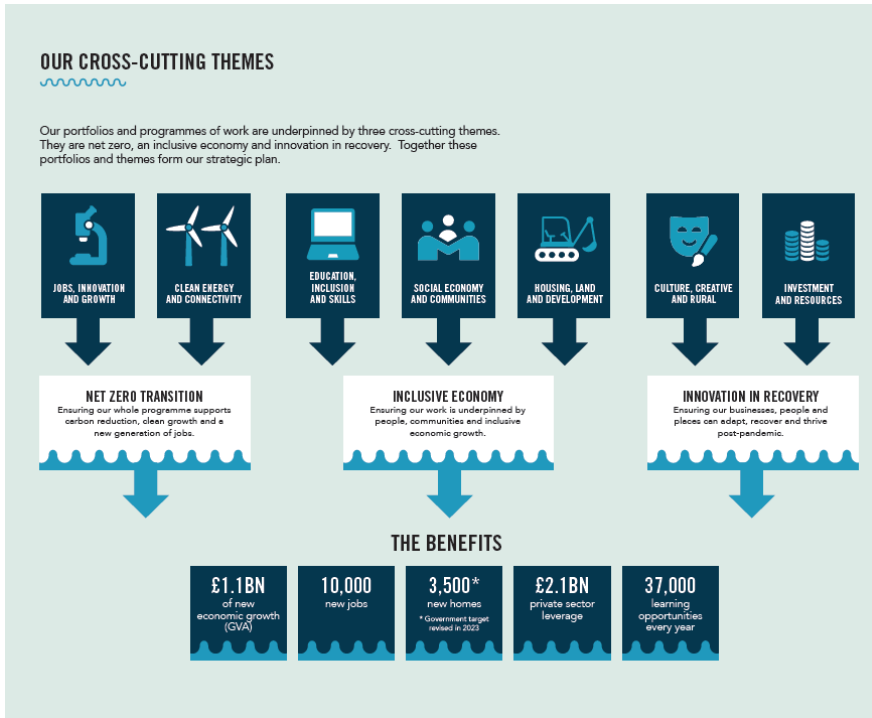
The North of Tyne Combined Authority (NTCA) was established on the 2 November 2018 as a legal body led by an Elected Mayor. The North of Tyne Combined Authority manages a range of powers on housing, transport, infrastructure, skills, and employment. Decisions are made locally to benefit our local economy and the people who live, work, study and visit here.

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

The Mayor chairs the Cabinet, provides oversight of the programme, and plays a key role engaging with citizens, businesses, voluntary sector partners and with Government. All are supported by an executive team built on close partnership between NTCA and constituent Local Authority officers.

Cross-cutting Themes

NTCA portfolios are underpinned by three cross-cutting priorities, which underpin everything the Combined Authority does. They are net zero transition, an inclusive economy and innovation in recovery. Together these portfolios and priorities form the NTCA strategic plan.



Funding, Investment and Resources

The foundation of NTCA investment is a £600m fully devolved investment fund, which delivers £20m per year over a thirty-year period. The purpose of the fund is to support accelerated, inclusive growth which creates new jobs and skills opportunities, which helps build the foundation for long term, sustainable growth in the region.

The NTCA Investment Fund is augmented by new funding streams worth almost £700m which have been secured since the original Deal, including the Adult Education Budget, Brownfield Housing Fund and ERDF Growth Funds.

The North of Tyne Cabinet agreed a headline Investment Plan in April 2019 which set out ambitions for delivery across a five-year period utilising the first £100m of Investment funds. This plan covers 'business', 'people' and 'place' elements as well as providing flexibility for NTCA to pursue strategic opportunities as they arise. A small proportion is used to enable the Combined Authority to realise and effectively manage project delivery.

Over £90m of this initial tranche has been committed and is in the process of being invested into tangible projects. This has helped attract a further £282m of private sector investment.

Headline Targets

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

NTCA are on track to meet and exceed these targets, with over 5,049 new jobs already in the pipeline which will turn into real, sustainable careers for our citizens.

Financial Performance of the Combined Authority 2023/24 to 6 May 2024

The financial position of the NTCA for the period 2023/24 to May 6 2024 is shown in Table 1 below with the financial position as at 6 May 2024 on the key funding allocations awarded shown in Table 1a:

Table 1: NTCA Budget Outturn 2023/24 to May 6 2024

| Summary Outturn | 2023/24 Budget extended to May 6 2024 | 2023/24 Outturn extended to May 6 2024 | Variance |
|------------------------|---------------------------------------|--|----------------|
| | £m | £m | £m |
| NTCA Corporate | 0 | (5.187) | (5.187) |
| Adult Education Budget | 24.535 | 27.062 | 2.527 |
| Bootcamps Wave 3 | 5.338 | 5.531 | 0.193 |
| Total | 29.873 | 27.406 | (2.467) |

Table 1a: Financial position as at 6 May 2024 on NTCA key funding allocations

| Summary Outturn | Funding/ Allocation | 2023/24 Outturn extended to May 6 2024 | Variance |
|-----------------------|---------------------|--|---------------|
| | £m | £m | £m |
| Investment Fund* | 154.245 | 85.807 | 68.438 |
| UK SPF and Multiply** | 54.256 | 11.036 | 43.220 |
| Brownfield Housing*** | 31.805 | 9.058 | 22.747 |
| Total | 88.238 | 66.049 | 22.189 |

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*Investment Fund line shows the original allocations approved to date with the outturn reflecting spend to date from the inception of the NTCA. The variance for the Investment Fund is the future years commitment.

**UKSPF and Multipliy reflects the full UKSPF allocation covering 3 years to March 2025 with spend to date across the funding programme.

***Brownfield Housing reflects the full funding allocation for the first tranche of Brownfield Housing allocated to NTCA.

Corporate Budget Outturn

A more detailed outturn for the NTCA Corporate Budget for 1 April 2023 to May 6 2024 is set out below in Table 2:

Table 2: NTCA Corporate Budget Outturn 2023/24 to May 6 2024

| Corporate Budget 2023/24 | 2023/24 Budget | 2023/24 Budget extended to 6 May 2024 | 2023/24 Outturn | Variance |
|---|-----------------|---------------------------------------|-----------------|----------------|
| | £m | £m | £m | £m |
| Expenditure | | | | |
| Staffing/Secondments | 4.786 | 5.258 | 5.625 | 0.367 |
| Mayors Office | 0.288 | 0.316 | 0.314 | (0.002) |
| Transition Costs | 0.500 | 0.549 | 0.784 | (0.235) |
| Election Costs | 0 | 0 | 1.492 | 1.492 |
| Other Costs | 1.578 | 1.734 | 1.418 | (0.316) |
| Contribution to Reserves | 0.500 | 0.500 | 0.292 | (0.208) |
| SLA with Constituent Authorities | 0.271 | 0.298 | 0.333 | 0.035 |
| JTC Levy | 30.561 | 33.587 | 33.587 | 0.000 |
| Gross Expenditure | 38.484 | 42.242 | 43.845 | 1.603 |
| Income | | | | |
| Grant Income | (6.937) | (7.631) | (7.432) | 0.199 |
| Contributions from Constituent Authorities | (0.111) | (0.122) | (0.122) | (0.000) |
| Contribution from the former NECA | | | (0.448) | (0.448) |
| Contribution from Reserves | (0.600) | (0.600) | (1.728) | (1.128) |
| Investment Interest Receivable | (0.275) | (0.302) | (5.715) | (5.413) |
| JTC Levy | (30.561) | (33.587) | (33.587) | 0.000 |
| Gross Income | (38.484) | (42.242) | (48.484) | (6.242) |
| Net (Income)/Expenditure | 0 | 0 | (5.187) | (5.187) |
| Contribution to Strategic Capacity Reserve | | | | (5.187) |

Investment Fund Outturn

Table 3 sets out the NTCA Investment Fund by portfolio in line with the NTCA Corporate Plan, showing outturn against the original Investment Fund allocation.

Table 3: NTCA Investment Fund Outturn 2023/24 to May 6

| Portfolio | Original Approved Allocation | Revised Allocation | Total spent to May 6 2024 | Future Years Commitments Profile | | | | |
|---------------------------------|------------------------------|--------------------|---------------------------|----------------------------------|---------------|--------------|--------------|--------------|
| | | | | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
| | | | | £m | £m | £m | £m | £m |
| Clean Energy, and Connectivity | 10.736 | 9.443 | 5.618 | 2.497 | 1.300 | | | |
| Culture, Creative and Rural | 19.004 | 19.879 | 14.121 | 3.430 | 1.780 | 0.523 | | |
| Education, Inclusion and Skills | 19.100 | 17.945 | 10.721 | 7.218 | 1.703 | 0.214 | | |
| Green New Deal and Connectivity | 9.000 | 9.000 | 8.800 | | | | | |
| Housing, Land and Development | 28.632 | 27.646 | 6.366 | 16.844 | 2.021 | 1.004 | 1.315 | |
| Investment and Resources | 12.000 | 12.000 | 12.000 | | | | | |
| Jobs, Innovation and Growth | 53.178 | 52.999 | 26.099 | 11.970 | 6.808 | 3.880 | 1.224 | 1.470 |
| Social Economy and Communities | 2.117 | 2.095 | 2.021 | 0.061 | | | | |
| Unallocated | 0.479 | 0.479 | 0.061 | 0.418 | | | | |
| Total | 154.245 | 151.487 | 85.807 | 42.438 | 13.612 | 5.621 | 2.539 | 1.470 |

Table 3 illustrates the significant progress made in decision and actions to deliver the NTCA Investment Fund programme since the establishment of NTCA with programmes and project allocations totalling £154.245m. The outturn position of £85.807m reflects many projects coming into their final year of delivery against the original set of allocations. The balance of committed spend into future years is £65.713m. Delivery of this will continue to be spent in 2024/25 going forward into 2028/29, the first five-year period of the new North East CA where there are approvals in place.

Within the Investment Fund the following schemes relate to capital expenditure. See overleaf in Table 4:

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

In addition to the above capital schemes funded from the NTCA Investment Fund, £15.350m of capital funding was provided by DLUHC in March 2023 for spend within 2022/2023; expenditure in 2023/2024 was allowed due to the late receipt of the notification of funding. Table 5 shows the three schemes identified for this additional capital spend:

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Table 5: £15.350m Capital Funding

| Capital Project | Allocation | Spend to Date | Remaining spend in 24/25 |
|---|---------------|---------------|--------------------------|
| | £m | £m | £m |
| Port of Tyne – Tyne Clean Energy Park | 8.000 | 8.000 | 0 |
| Sunderland City Council – Sunderland Studio Development | 5.500 | 4.886 | 0.614 |
| North Tyneside Council – North Shields Town Square | 1.850 | 1.850 | 0 |
| | 15.350 | 14.736 | 0.614 |

Brownfield Housing Fund (BHF)

The Brownfield Housing Fund (BHF) was the first housing allocation for the North of Tyne Combined Authority. The funding is intended to support the development of at least 2,000 new homes, by remediating and revitalising brownfield sites across the North of Tyne area. BHF is part of a broader housing programme and pipeline of sites, shaping a strategic delivery approach to supporting housing and economic recovery.

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

To date, 18 schemes have been approved and are in various stages of development or delivery. These 18 schemes are projected to remediate 77.51 hectares of brownfield land and deliver 2,917 homes. Furthermore, there are another two schemes still awaiting the business case and sign off process to be completed. These schemes will add a further 172 homes and remediate a further 5.90 hectares of brownfield land.

This takes the total number of homes forecasted to be unlocked to 3,089 homes across 83.41 hectares. The total estimated cost of these schemes is £483.2m, with Brownfield Housing Fund contributing £49.3m.

A further £17.409m was awarded to NTCA following the announcement of the North East Devolution Deal, taking the total funding allocation to £49.205m. This allocation will be focused primarily on housing sites south of the Tyne and will unlock between 1,134 and 1,451 new homes, with projects expected to defray their spending by March 2026, in line with Government expectations.

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

Table 6: Brownfield Housing Fund Profile

| | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 Forecast | 2025/26 Forecast | Total |
|--|--------------|--------------|---------------|--------------|---------------------|---------------------|---------------|
| | £ million | £ million | £ million | £ million | £ million | £ million | £ million |
| Initial Funding Profile | 4.854 | 8.100 | 6.700 | 3.100 | 1.100 | 0.000 | 23.854 |
| Extended Funding Profile | 0.000 | 0.000 | 4.753 | 2.674 | 0.524 | 0.000 | 7.951 |
| Devo Deal Funding Profile | 0.000 | 0.000 | 0.000 | 0.000 | 8.704 | 8.704 | 17.409 |
| Combined Funding Profile | 4.854 | 8.100 | 11.453 | 5.774 | 10.328 | 8.704 | 49.205 |
| Annual spend as at end of 31 March | 0.636 | 3.228 | 1.046 | 3.417 | 22.950* | 17,928 | 49.205 |
| Annual spend and cumulative to 6 May 2024 | 0.636 | 3.228 | 1.046 | 4.148 | | | 9.058 |

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Overall good progress is being made with the NTCA's Brownfield Housing Programme. The programme is expected to over-deliver in terms of outputs, and deliver good value for money, with expenditure profiles expected to be completed by March 2025 in line with expectations. For the original pipeline of projects, NTCA's work on the Brownfield Housing Fund schemes during 2023/24 has concentrated on continuing project development, completion of final business cases, entry in to grant funding agreements, and supporting scheme promoters to begin work on the ground.

Alongside this and after the announcement of additional funding linked to the North East Devolution Deal, NTCA have also engaged with local authorities to build a pipeline of further schemes across the new authorities and develop these project business cases to approval. This process has successfully led to seven projects being added to the pipeline from south of the Tyne, of which 5 have been approved.

UKSPF and Multiply

The UK Shared Prosperity Fund (UKSPF or the Fund) is a central pillar of the UK government's Levelling Up agenda and a significant component of its support for places across the UK. It provides £2.6 billion of new funding for local investment by March 2025. The intention of the fund is to invest in domestic priorities and targeting funding where it is needed most: building pride in place, supporting high quality skills training, supporting pay, employment and productivity growth and increasing life chances. The table includes the Rural England Prosperity Fund (REPF), a £110m top-up to the UKSPF allocated to eligible rural authorities (Section 44).

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

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Table 7: UKSPF 1 April 2023 to 6 May 2024

| UKSPF Investment Priorities | Total Allocation | | Prior Yr. Spend 2022/23 | | 2023/24 Outturn | | 2024/25 Forecast | |
|--|------------------|---------------|-------------------------|--------------|-----------------|--------------|------------------|---------------|
| | Revenue £m | Capital £m | Revenue £m | Capital £m | Revenue £m | Capital £m | Revenue £m | Capital £m |
| Community and Place | 11.137 | 4.115 | 1.407 | 0.155 | 1.285 | 0.038 | 8.445 | 3.922 |
| Supporting Businesses | 13.814 | 4.528 | - | - | 2.308 | 0.180 | 11.506 | 4.348 |
| People and Skills | 11.609 | - | - | - | 1.872 | - | 9.737 | - |
| Rural England Prosperity Fund | - | 3.044 | - | - | - | 0.242 | - | 2.802 |
| Administration Top-Slice (4%) | 1.522 | 0.359 | 0.241 | - | 0.681 | - | 0.600 | 0.359 |
| Total UKSPF and Rural England Prosperity Fund | 38.082 | 12.046 | 1.648 | 0.155 | 6.146 | 0.460 | 30.288 | 11.471 |

Multiply (UKSPF)

Multiply funding is a separate funding stream that forms part of UKSPF overall programme, aimed at boosting funding for adult numeracy enabling local areas to deliver more innovative approaches to reach more people. The 2023/24 extended year end position is shown below in Table 8.

Table 8: UKSPF Multiply Outturn 2023/24 to May 6 2024

| UKSPF Multiply | Total Allocation | 2022/23 Spend | 2023/24 Outturn | 2024/25 Forecast Budget |
|-------------------------------------|------------------|---------------|-----------------|-------------------------|
| Multiply Programme | 3.715 | 1.089 | 1.269 | 1.334 |
| Administration top slice (10%) | 0.413 | 0.125 | 0.144 | 0.140 |
| Total UKSPF Multiply | 4.128 | 1.214 | 1.413 | 1.474 |
| UKSPF Multiply Funding | (4.128) | (1.214) | (1.413) | (1.474) |
| Net UK SPF Multiply Position | 0.000 | 0.000 | 0.000 | 0.000 |

Rural England Property Fund (REPF) (UKSPF)

The Rural England Prosperity Fund (REPF) is a £110m top-up to the UKSPF allocated to eligible rural authorities to support activities that specifically address the challenges rural communities face. North of Tyne was allocated £3.044m capital funding specifically targeted at Northumberland, but recognising the important connection between our rural, coastal, and urban economies. The REPF is available from April 2023 to March 2025. The fund is aligned with interventions in the Supporting Local Business and Communities and Place investment priorities, and will provide capital funding to:

- support new and existing rural businesses to develop new products and facilities that will be of wider benefit to the local economy, including farm businesses looking to diversify income streams.
- support new and improved community infrastructure, providing essential community services and assets for local people and businesses to benefit the local economy.

Table 9 sets out the REPF spend profile for the Rural Business and Rural Communities Priorities. 65% of the funding has been allocated to the Rural Business Priority and 35% to the Rural Communities Priority.

Table 9: Rural England Prosperity Capital Spend Profile

| | 2023/24 Budget | 2023/24 Outturn to May 6 2024 | 2024/25 Forecast Budget | Total |
|-------------------|-------------------|-------------------------------------|-------------------------------|--------------|
| | £ million | £ million | £ million | £ million |
| Rural Business | 0.495 | 0.242 | 1.484 | 1.979 |
| Rural Communities | 0.266 | - | 0.799 | 1.065 |
| Total | 0.761 | 0.242 | 2.283 | 3.044 |

Adult Education Budget (AEB)

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

NTCA's devolved AEB for the period 1 April 2023 to 6 May 2024 was £23.782m. The AEB includes a 3% top slice allocation to fund corporate related activity allocation. A further £0.753m funding for the delegated Free Courses for Jobs (FCFJ) offer has been awarded for this financial year bringing the total AEB for 2023/24 to £24.535m.

Providers' AEB delivery plans are monitored at quarterly performance management meetings throughout the year. AEB Devolution features as a strategic risk on the

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NTCA Strategic Risk Register. In addition, at a project level, appropriate risk management processes are in place to identify and mitigate risks, with escalation requirements embedded.

Reconciliation of under delivery from academic year (AY) 2020/21 & AY 2021/22 (which was mainly due to the impact of the Covid Pandemic) has meant that a proportion of funding from these two academic years was held in reserve at the end of 2022/23. A further full reconciliation of providers' actual earnings against their allocations for the academic year (Aug 22 to Jul 23) took place at the end of October 2023.

Providers have been working hard to increase participation and are reporting an increased confidence from learners and employers in AY 2023/24. A proportion of the remaining balance from the reconciliations noted in paragraph 4.31 has been re-distributed during the AY 2023-24 through an approved 'earnings boost' and earnings reconciliations across AEB and Free Skills for Jobs which allowed providers to apply for growth to their current allocations in line with procurement regulations and NTCA's Scheme of Delegation. These growth windows and earnings reconciliations committed £1.432m against the reserve held.

NTCA's performance management processes enable current AEB providers to apply for in-year growth to their funding allocations at set performance management points throughout the academic year. All requests for growth are subject to funding being available, criteria set out in the NTCA Payment and Performance Management Framework, and appropriateness in terms of meeting NTCA's strategic priorities for AEB as set out in the Strategic Skills Plan. Table 8 shows the use of existing reserves balance in 2023/24.

Table 8: Adult Education Budget 2023/24 to May 6 2024

| Reserves | Outturn 2023/24 |
|--|----------------------------|
| | £ million |
| Reserve Balance on 1st April 2023 | (8.760) |
| 5% Earnings Boost AEB and FCFJ Earnings Reconciliations | 1.432 |
| AEB Funding April 1 to July 31, 2024 (2023/24 AY) | (5.843) |
| Balance on AEB Reserve 06 May 2024 | (13.171) |

Table 11 overleaf shows the spend on AEB and FCFJ against the 2023/24 Allocation to March 2024. With the extended year end position to May 6, 2024, the outturn position across AEB and FCFJ was £27.063m. The funding allocation for April to July 2024 (£8.370m) has already been received; the relevant proportion of this funding has been applied to match the extended outturn expenditure.

Table 11: 2023/24 Outturn to May 6 2024

| Free Courses for Jobs funding for 2023/24 | 2023/24 AEB Financial Year | | |
|---|----------------------------|-----------------|----------------|
| | 2023/24 Allocation | 2023/24 Outturn | Variance |
| | £ million | £ million | £ million |
| AEB | 23.069 | 25.661 | 2.592 |
| FCFJ | 0.753 | 0.665 | (0.088) |
| Corporate top slice | 0.713 | 0.736 | 0.023 |
| Total | 24.535 | 27.062 | 2.527 |
| AEB Funding | (24.535) | (27.062) | (2.527) |
| Net Funding Position | 0.000 | 0.000 | 0.00 |

Bootcamps

In 2022/23 NTCA were notified of Bootcamp Wave 3 grant funding from the Department for Education (DfE) for a total of £5.531m including £0.503m in relation to management costs, to support the delivery of Skills Bootcamps in the NTCA region. The DfE provided 50% of this grant funding up front plus the full 10% management costs. £1.884m of this £3.017m was spent in 2022/23 with the £1.133m remaining balance of funding put in reserves. The 2023/24 outturn position for the extended year end on Bootcamp Wave 3 utilised the remaining grant funding in the reserve.

NTCA secured £9.237m DfE funding in relation to Bootcamp Wave 4. This represented a significant investment in our region and has the potential to deliver as with Wave 3. 50% of the grant has been received plus the top slice. Table 12 below shows the 2023/24 outturn position for the extended year end to May 6, 2024, on Bootcamp Wave 4 reflecting spend of £3.558m and top slice £0.840m. The remaining allocation will be claimed in arrears from DfE in FY 2024/25. Table 12 below reflects the 2023/24 extended financial year outturn position on Bootcamps Waves 3 and 4. Table 9 below shows the 2022/2023 outturn position on Wave 3 Bootcamps.

Table 12: Bootcamps Wave 3 2023/24 Outturn

| | 2023/24 | 2023/24 | Variance |
|---------------------------|--------------|--------------|--------------|
| | Budget | Outturn | |
| | £ million | £ million | £ million |
| Bootcamp Wave 3 Residual | 1.133 | 1.133 | - |
| Bootcamp Wave 4 | 3.365 | 3.558 | 0.193 |
| Bootcamp Wave 4 top slice | 0.840 | 0.840 | - |
| Total Expenditure | 5.338 | 5.531 | 0.193 |
| Bootcamp Wave 4 Funding | (5.338) | (5.531) | (0.193) |
| Net position | 0.000 | 0.000 | 0.000 |

North East Local Enterprise Partnership (NE LEP)

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

Table 13: North East LEP 2023/24 Outturn to May 6 2024

| | Budget 2023/24 | Budget extended to 6 May 2024 2023/24 | Outturn Position 6 May 2024 2023/24 | Variance 2023/24 |
|------------------------------|-------------------|--|--|---------------------|
| Expenditure | £m | £m | £m | £m |
| Employee Costs | 3.168 | 3.496 | 3.961 | 0.465 |
| Other Core Costs | 1.040 | 1.070 | 0.649 | (0.421) |
| Programme Operational Costs | 9.574 | 9.749 | 7.881 | (1.868) |
| | 13.782 | 14.315 | 12.491 | (1.824) |
| Income | | | | |
| Core Funding | (0.250) | (0.250) | (0.250) | 0.000 |
| Grants and Programme Funding | (12.393) | (12.787) | (12.028) | 0.759 |
| Other Income | (0.728) | (0.867) | (0.457) | 0.410 |
| Contribution from EZ Reserve | (0.411) | (0.411) | 0 | 0.411 |
| Total | (13.782) | (14.315) | (12.735) | 1.580 |
| Net Outturn (surplus) | 0 | 0 | (0.244) | (0.244) |
| Reserves Brought Forward | (1.202) | (1.202) | (1.202) | 0.000 |
| Reserves Carry Forward | 0 | 0 | (1.446) | |

The LEP core budget for 2023/24 to May 6 2024 covers core operational activity of the LEP and also management of the Local Growth Fund (legacy programme funding), Getting Building Fund (legacy programme funding), NEIF and Enterprise Zone (EZ) programmes.

North East Investment Fund (NEIF)

The NEIF was originally established by the North East LEP in 2012 following receipt of two rounds of direct grant awards from Growing Places Fund (GPF) totalling £25m. Aligned to the objectives of the GPF, the North East LEP took the early decision of ensuring that awards from the NEIF would be in capital infrastructure investments and be returnable (debt finance). In 2013 the NEIF was supplemented through a successful RGF Round 3 bid for £30m for further investment in capital infrastructure investment on a revolving basis. After over 25 investments across the NEIF, in 2020 BEIS released LEP/NTCA from the obligations attached to the RGF

Narrative Statement

award, providing the region with a £55m+ secured revolving fund for strategic repayable capital infrastructure investment.

Interest is charged to most private sector borrowers at commercial rates of up to 15% to reflect risk and satisfy subsidy control regulations. The temporary use to fund public infrastructure projects in particular other LEP programmes such as Enterprise Zone projects was interest free.

Since its creation the NEIF has invested in 33 projects, with £120m of investments to date, using recycled loan repayments. The two largest investments approved from the NEIF create two sub funds: 1) the North East Property Fund (NEPF) currently £15.7m; and the Commercial Property Investment Fund (CPIF), with £5.5m drawn down so far out of an approved allocation of £35m. Both funds are managed by FW Capital.

Table 14 Movement on the North East Investment Fund Reserve during 2023-24

| | £m |
|--|---------------|
| Opening balance on NEIF Reserve | 12.156 |
| Loans Issued | (5.196) |
| Capital Gant issued | (3.191) |
| Loans Repaid | 3.823 |
| Interest received | 1.378 |
| Project Management costs | (0.166) |
| Movement on provision for debts | 0.127 |
| Capital Accounting adjustment | (7.336) |
| Closing Balance | 1.595 |

Enterprise Zones

In terms of the key programme of activity moving into the North East CA, the Enterprise Zones have outturn with a surplus carried into 2024-25 of £ 9.451m as set out in Table 15 below.

Table 15: Enterprise Zone Outturn Position 2023/24 to May 6 2024

| | 2022/23 Actual £000 | 2023-24 Outturn £000 | 2023-24 Adj to 6 May 24 £000 | 2023-24 Outturn @ 6 May 24 £000 |
|---------------------------------------|---------------------------|----------------------------|------------------------------------|--|
| <u>ROUND 1 EZ SCHEMES</u> | | | | |
| Newcastle – Neptune Yard | 514.19 | 723.89 | 69.20 | 793.09 |
| North Tyneside – Swans | 231.36 | 190.33 | 22.40 | 212.73 |
| Northumberland – Blyth Port / Estuary | 380.93 | 430.57 | 49.30 | 479.87 |
| Sunderland A19 Corridor | 863.60 | 1,264.39 | 186.50 | 1,450.89 |
| <u>ROUND 2 EZ SCHEMES</u> | | | | |
| Durham – Jade | 290.08 | 512.20 | 55.30 | 567.50 |

Narrative Statement

| | | | | |
|--|-----------------|------------------|------------------|------------------|
| Gateshead – Follingsby | 4,011.13 | 4,056.68 | 382.80 | 4,439.48 |
| Newcastle – International Airport | 230.41 | 69.00 | 37.30 | 106.30 |
| Northumberland – Ashwood Business Park | | 149.20 | 15.40 | 164.60 |
| Northumberland – Ramparts (Berwick) | 41.00 | 86.11 | 6.30 | 92.41 |
| South Tyneside – Tyne Dock | | 56.24 | 5.56 | 61.80 |
| Sunderland / South Tyneside IAMP | 583.87 | 766.94 | 75.85 | 842.80 |
| TOTAL BRGI | 7,146.56 | 8,305.57 | 905.91 | 9,211.48 |
| Interest | 53.30 | 270.00 | 26.63 | 296.63 |
| Total Income | 7,199.87 | 8,575.57 | 932.54 | 9,508.11 |
| Expenditure | | | | |
| Capital Financing Costs | 2,832.00 | 4,200.00 | 572.10 | 4,772.10 |
| Revenue Operating Costs | 108.00 | 71.72 | 7.58 | 79.30 |
| Contribution to INEE Team Costs | 208.68 | 252.60 | (9.80) | 242.80 |
| Total Costs | 3,148.68 | 4,524.32 | 569.88 | 5,094.20 |
| Annual Surplus | 4,051.18 | 4,051.25 | 362.66 | 4,413.91 |
| Cumulative Surplus | 8,619.78 | 12,671.03 | 13,034.69 | 13,033.69 |
| Variance to balance sheet | 17.00 | | | 17.00 |
| Residual Surplus balance | 8,636.78 | 11,482.02 | 1,132.47 | 13,050.69 |

Commented [MS6]: What is this?

| | | | | |
|--|-----------------|-----------------|---------------|----------------|
| Less – Use of Surplus | | | | |
| Performance Reward payment | | (950.12) | (93.71) | (1,043.83) |
| To Fund LEP Costs | (500.00) | - | - | (500.00) |
| INEE Inward Investment Grants | - | - | - | - |
| Project Development Acceleration Fund (PDAF) | (706.01) | (228.00) | (22.49) | (956.50) |
| LGF Swaps | | - | - | - |
| GBF Top up refund to NEIF | | (1,000.00) | (98.63) | (1,098.63) |
| Residual Surplus Balance | 7,430.77 | 9,303.90 | 917.65 | 9451.73 |

Invest North East England (INEE)

The NTCA became the accountable body for Invest North East England in April 2020.

Invest North East England acts as the strategic inward investment service in the North East. It works collaboratively with its seven local authority partners, two combined authorities, and other key stakeholders such as the North East LEP, Department of International Trade, and Universities to increase the levels of inward investment flowing into the region from both UK-owned and foreign-owned businesses. Table 16 overleaf sets out the outturn position for Invest North East England for 2023/24 to May 6 2024.

Narrative Statement

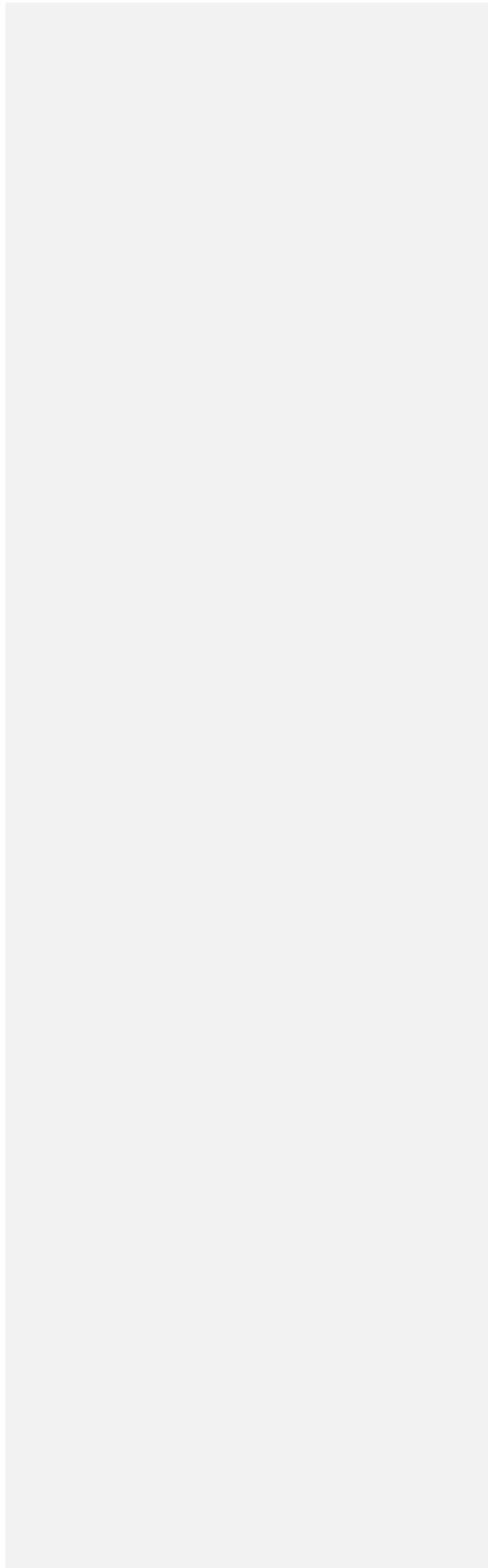


Table 16: Invest North East England (INEE)

| Note that, due to the size of INEE, all numbers are presented in £ (not £m as other tables) | | | | |
|--|--------------------------------|--|------------------------|-----------------|
| | 2023/24 Original Budget | 2023/24 Extended Budget to May 6 2024 | 2023/24 Outturn | Variance |
| Expenditure | £ | £ | £ | £ |
| Employees | 238,000 | 261,538 | 258,786 | (2,752) |
| Staff Training | 1,000 | 0 | 0 | 0 |
| Travel and Subsistence | 5,000 | 5,493 | 14,110 | 8,617 |
| Web, Telecoms, Computers | 8,000 | 8,789 | 0 | (8,789) |
| Marketing/Coms/Events | 90,000 | 98,000 | 86,376 | (11,624) |
| Membership Fees | 3,000 | 3,196 | 5,670 | 2,474 |
| Professional Consultancy | 8,000 | 8,789 | 28,750 | 19,961 |
| Lead Generation | 93,000 | 102,173 | 0 | (102,173) |
| Research Resource Licenses | 15,000 | 16,479 | 15,000 | (1,479) |
| Gross Expenditure | 460,000 | 504,457 | 408,692 | (95,765) |
| Income | | | | |
| Local Authority Contributions | (140,000) | (153,846) | (153,846) | 0 |
| EZ Contribution | (313,000) | (343,471) | (252,587) | 90,884 |
| Private Sector Contribution | (7,000) | (7,140) | (2,259) | 4,881 |
| Gross Income | (460,000) | (504,457) | (408,692) | 95,765 |

Main points from Financial Statements

Comprehensive Income & Expenditure Statement

The Continuing Cost of Services line in the Comprehensive Income & Expenditure Statement represents the net expenditure incurred by the North of Tyne Combined Authority, the North East LEP and INEE, it also includes the share of the costs contained within the North East Combined Authority (as relating to the Joint Transport Committee), in the direct provision of Services. The Comprehensive Income & Expenditure Statement is showing a surplus of (£51.866m) for the period ended 6 May 2024.

Balance Sheet

The Balance Sheet is set out within the main Statement of Accounts. The net assets of the Combined Authority are £353.6350m for the period ended May 6 2024 and are financed by Usable Reserves of £267.818m and Unusable Reserves of £85.817m. The Balance Sheet also includes the Authority's share of assets and liabilities contained within the North East Combined Authority in relation to the Joint Transport Committee

Group Results

The Group Accounts included as part of the Statement of Accounts fully incorporate the results and balance sheet of Nexus (The Tyne and Wear Passenger Transport Executive). More details can be found in Group Note 1.

During the year Nexus invested £121.2m of capital expenditure in public transport in Tyne and Wear, funded primarily by central government grants.

The liquidity of Nexus remained strong with net current assets of £881.12m, adequate to cover both short-term fluctuations and future commitments from usable reserves.

The Nexus accounts are divided between NTCA and NECA accounts (after elimination of intra-group transactions), with the balance sheet information at 31 March 2024 allocated between the two Combined Authorities in proportion to their relative share of Tyne and Wear Population – 54.92% in the NECA accounts and 45.08% in the NTCA accounts.

Non-Financial Performance of the Authority

Investment Fund non-financial performance

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

“The NTCA and NTIF are a unifying force which allows us to deliver [social and economic] benefits” and
“NTIF has enabled more and larger investment decisions to be made in the region, based on local knowledge and a long-term plan”

At the end of financial period to May 6 2024 the Investment Fund was in year 6 of delivery after successfully passing the first five-year gateway review, securing ongoing funding for continued and increased delivery against the North of Tyne Investment Fund, with £154.245m allocated spend and over 181 projects and programmes approved since the launch of NTCA, providing direct support to residents, promoting business growth and investing in our communities. These projects are on track to create 5,377 jobs based on current commitments against a target of 10,000, with the first 2,554 new jobs created, and 1,983 jobs safeguarded.

Brownfield Housing non-financial performance

To date, 18 schemes have been approved and are in various stages of development or delivery. These 18 schemes are projected to remediate 77.51 hectares of brownfield land and deliver 2,917 homes. Furthermore, there are another two schemes still awaiting the business case and sign off process to be completed. These schemes will add a further 172 homes and remediate a further 5.90 hectares of brownfield land

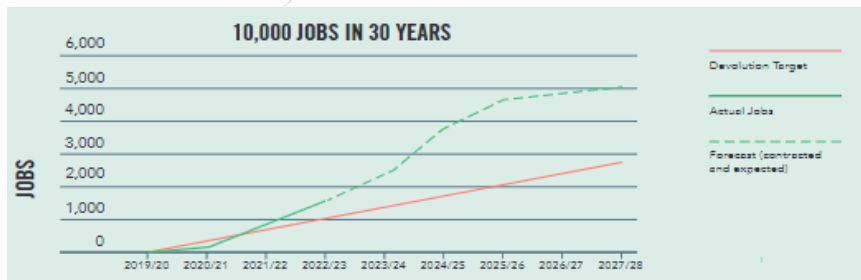
Adult Education Budget (AEB) non-financial performance

Outputs







- This is the final year of the original AEB framework delivery.
- The above devolved AEB Allocation for AY 2023-24 has been allocated and delivery has been underway since 1st August 2023.
- From 1st August 2023 to 6 May 2024 over 22,513 learning opportunities were being delivered. This total is made up of a combination of new enrolments and some learners retained in learning from the previous academic year.

Key Priorities and Up and Coming Milestones

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



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

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

Significant issues relating to 2024/25 and beyond

2023/24 was a unique and important year for the North of Tyne Combined Authority. It was the last year of our first term, and a year in which we transitioned into the new arrangements reflecting the signing of the North East Devolution Deal.

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

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

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

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

The deal includes:

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

In order to establish the new regional NEMCA, the existing combined authorities – NTCA and NECA – had to be abolished. The Mayor and Cabinet of NTCA and the Leadership Board of NECA therefore had to consent to the statutory order which provided for their abolition and the creation of NEMCA. The existing combined authorities would be abolished and NEMCA established simultaneously when the elected mayor for NEMCA took office on 7 May 2024.

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

Explanation of Accounting Statements included within the 2023/24 Accounts

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain a number of different elements and are required to be prepared under the Code of Practice.

The Statement of Accounts is set out in the accompanying document, and are explained below:

Core Financial Statements

The Comprehensive Income & Expenditure Statement (CIES) summarises the revenue costs of providing all services and the income and resources received in financing the expenditure.

The Movement in Reserves Statement (MIRS) (page 3) shows the movement from the start of the year to the end on the different reserves held by the Authority. This statement shows the movement in the year on the different reserves held by the Authority, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure) and Unusable Reserves (those that cannot). The surplus or deficit on the provision of services line shows the economic cost in accounting terms of providing NTCA's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for the purposes of setting the levy. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Balance Sheet (page 5) shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories, Usable and Unusable as described above. Unusable Reserves include those which hold unrealised gains and losses (e.g., the Revaluation Reserve) where amounts only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS line "adjustments between accounting basis and funding basis under regulations".

The Cash Flow Statement (page 6) shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Authority.

Notes to the Accounts

The notes aim to assist in the understanding of the Statement of the Accounts. They are fundamentally important in the presentation of a true and fair view. They provide information as to the basis of the preparation of the financial statements and disclose information not presented directly in the key financial statements which is relevant to the understanding of the information contained elsewhere within the Statement of Accounts.

Group Accounts and Associated Notes

The Authority is required by the Code to produce Group Accounts to include services paid to Council Tax payers in the North of Tyne area by organisations other than the Authority itself in which the Authority has an interest.

It is recognised that the accounts of Nexus fall within the definition of a subsidiary. As such, group accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the Authority and Nexus. Nexus has been incorporated as a subsidiary, whereby the accounts of the two organisations are combined and any intra-group transactions are cancelled out.

These statements and accounts collectively provide a comprehensive view of the Authority's financial position during the period to which they relate. The format of the accounts reflect the impact of the Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority (Establishment and Functions) Order 2018 (the Order) which changed the boundaries of NECA on the 2 November 2018. As a result of these governance changes, the boundaries of NECA now cover the Local Authorities of Durham, Gateshead, South Tyneside, and Sunderland. On the same date, the North of Tyne Combined Authority (NTCA) was established as well as the North East Joint Transport Committee (JTC), which continue to exercise the Transport functions over the area covered by the two Combined Authorities.

Implementation of the Devolution order

Under the CIPFA Code, the JTC meets the definition of a 'joint operation', which determines its accounting treatment. Where a Joint Committee is accounted for as a Joint Arrangement each Joint Operator (in this case NECA and NTCA) must account for their own share of the assets, liabilities, revenues, and expenses held or incurred jointly in their own single entity financial statements.

To comply with the CIPFA Code, NECA must:

1. Split the revenues between that which relates to NECA and NTCA. In this case the constitution of the JTC and its funding arrangements suggests that, in the first instance, the revenues should be divisible into that which relates to Northumberland (allocated wholly to NTCA), that which relates to Durham (allocated wholly to NECA) and that which relate to Tyne and Wear (requires further division into NECA and NTCA).

2. The revenues which relate to Tyne and Wear must then be divided into that which relates wholly to Newcastle and/or North Tyneside (allocated to NTCA), that which relates wholly to Gateshead, South Tyneside and/or Sunderland (allocated to NECA) and that which relates to activities not wholly attributable under the preceding two points which requires apportionment.

The Order gives no clear instruction on the basis of division of revenues, but the Deed of Cooperation made on 4 July 2018 between the seven local authorities in the area indicates that resident populations shall be used as a basis of apportionment.

For the 2023/24 accounts the mid-year estimated population published by the Office of National Statistics as at June 2021 is used, which is the basis on which the Transport Levy payments for the year are required to be calculated. The calculation of the proportion used to allocate the figures in the accounts at 6 May 2024 is shown in Table 14 below.

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

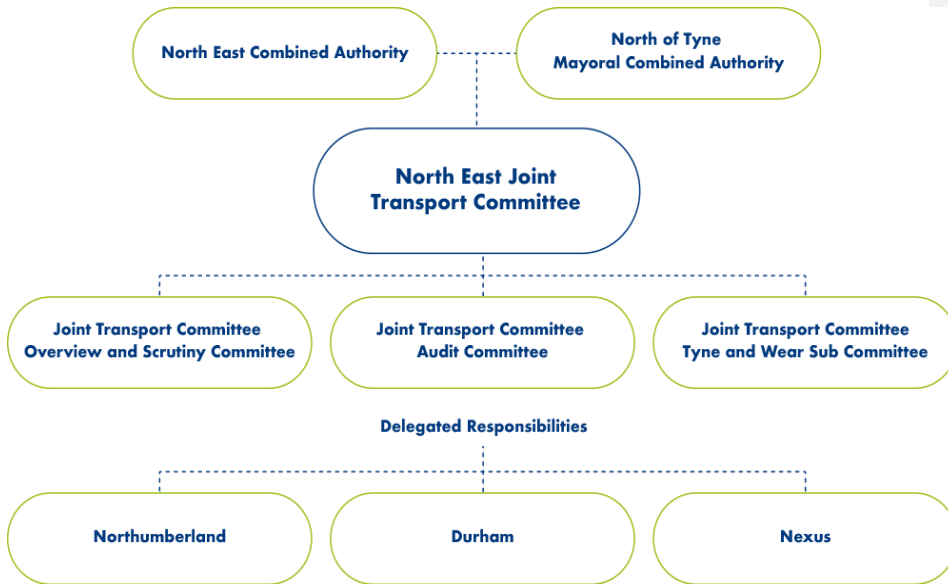
| | Mid-Year 2021 Population | Proportion |
|----------------------------|-----------------------------|----------------|
| | People | Proportion |
| NECA | | |
| - Gateshead | 196,154 | |
| - South Tyneside | 147,915 | |
| - Sunderland | 274,211 | |
| | 618,280 | 0.54924 |
| NTCA | | |
| - Newcastle | 298,264 | |
| - North Tyneside | 209,151 | |
| | 507,415 | 0.45076 |
| Tyne and Wear Total | 1,125,695 | |

The Joint Transport Committee

The North East Joint Transport Committee brings together a total of seven members from each of the Constituent Authorities of the region; four Members from the North East Combined Authority and three Members from the North of Tyne Combined Authority in accordance with the Order and was created on the 2 November 2018.

Transport is of strategic importance to the North East, and the collaborative working of both Combined Authorities allows effective decision making across the region, which ensures that the local needs and priorities are delivered.

The structure for Transport that was established in November 2018 is shown in the diagram below:



Transport

Tyne Tunnels accounting balances are reflected in the NTCA financial statements as part of the JTC. The Tyne Tunnels link the A19 under the River Tyne between Howdon and Jarrow. There are two tolled vehicle tunnels, and tunnels for both pedestrians and cyclists. The Tunnels are entirely self-financing from the toll's income raised. There is no call on the Combined Authority's budget or local taxpayers to support them, and assets and liabilities associated with the tunnels are ringfenced to the Tyne and Wear constituent councils within the Combined Authority.

Table 15 shows Tyne Tunnel Flow data for 2023/24.

Table 15- Tyne Tunnels Flow Traffic data

| | Class 1 | Class 2 | Class 3 | Exempt | Total |
|---------|---------|------------|-----------|---------|------------|
| 2023/24 | 80,180 | 17,567,673 | 1,080,024 | 630,356 | 19,358,233 |
| 2022/23 | 80,736 | 16,848,793 | 1,054,301 | 508,011 | 18,491,841 |
| 2021/22 | 102,536 | 14,371,810 | 931,608 | 472,178 | 15,878,132 |
| 2020/21 | 99,990 | 10,441,472 | 775,745 | 423,317 | 11,740,524 |
| 2019/20 | 153,474 | 14,928,809 | 824,798 | 648,435 | 16,555,516 |
| 2018/19 | 171,626 | 14,839,928 | 823,469 | 631,444 | 16,466,467 |
| 2017/18 | 172,655 | 14,802,233 | 855,656 | 584,809 | 16,415,353 |
| 2016/17 | 197,688 | 15,705,319 | 951,785 | 605,670 | 17,460,462 |
| 2015/16 | 204,751 | 16,218,493 | 989,451 | 581,377 | 17,994,072 |
| 2014/15 | 195,798 | 15,265,379 | 873,270 | 508,444 | 16,842,891 |
| 2013/14 | 185,471 | 13,970,360 | 804,147 | 464,529 | 15,424,507 |

Class 1 = Motorcycles; Class 2 = Car, Van or Bus less than 3.5 tonnes; Class 3 = LGV, Van or Bus more than 3.5 tonnes Exempt = emergency vehicles and blue badge holders

Tyne and Wear Passenger Transport Executive – Nexus

During 2023-24 the North East Joint Transport Committee continued to set public transport policy for the region, which in Tyne and Wear is delivered operationally by Nexus. The following performance indicators describe the general performance of public transport in Tyne and Wear during 2023/24.

- The number of passenger journeys across all modes within Tyne and Wear in 2023/24 was 124.1 million, a 0.57% increase when compared to 123.4 million in the previous year:
- Bus patronage was 90.6 million in 2023/24, a 1.6% decrease when compared to 92.1 million in the previous year.
- Metro patronage was 31.1 million in 2023/24; a 6.1% increase when compared to 29.3 million in the previous year.
- Ferry patronage was 0.380 million passengers in 2023/24; an 0.75% decrease when compared to 0.383 million journeys in the previous year.
- Rail patronage was 2.025 million journeys in 2023/24; a 19.5% increase when compared to 1.695 million journeys in the previous year.

Metro Performance 2023/24

- Metro reliability (operated mileage) was 91.8% during 2023/24, a decrease of 2.8 percentage points versus the figure of 94.6% achieved in the previous year.
- Metro reliability (Charter punctuality) was 75.9% during 2023/24, a decrease of 5.8 percentage points on the 81.7% achieved in the previous year.

Annual Governance Statement

To accompany the Narrative Report and Statement of Accounts, the leadership of the Combined Authority prepares an Annual Governance Statement that sets out the principal arrangements that operate to ensure proper governance of the Combined Authority's affairs and the stewardship of resources at its disposal. It also outlines the principal arrangements that are in place to ensure that a sound system of internal control is maintained.

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication "Delivering Good Governance in Local Government" (2016 Edition), sets a framework, and the standard, for local authority governance in the UK. The Framework sets out a set of principles which we test our governance arrangements against these are:

- Ensuring openness and comprehensive stakeholder engagement.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Managing risks and performance through robust internal control and strong public financial management.
- Defining outcomes in terms of sustainable economic social and environmental benefits.
- Implementing good practices to transparency, reporting and audit to deliver effective accountability.

NTCA Staffing

As at 6 May 2024 there were 150 staff employed by the Combined Authority, including North East LEP and Invest North East England.

Table 16: Change in Staffing numbers during 2023/24

| | Corporate Employees at the year end | North East LEP Employees at year end | Invest North East Employees at year end | Total NTCA Employees at year end |
|---------|--|---|--|---|
| 2023/24 | 97 | 50 | 3 | 150 |
| 2022/23 | 71 | 50 | 3 | 124 |
| 2021/22 | 62 | 59 | 4 | 125 |
| 2020/21 | 48 | 62 | 3 | 113 |
| 2019/20 | 34 | - | - | 34 |
| 2018/19 | 1 | - | - | 1 |

The Statement of Accounts accompanying this report looks back at our performance since establishment. Reviewed together they provide the reader with an understanding of the financial position of the Combined Authority.

If you would like further information about these accounts, please contact Janice Gillespie, Chief Finance Officer, The Lumen, Helix, St James Boulevard, Newcastle upon Tyne NE4 5 BZ.

Janice Gillespie
Chief Finance Officer (S73 Officer)