

Cabinet

28 January 2025

(2.00pm)

Meeting held in: Council Chamber, Town Hall, South Shields

Minutes

Present:

- Mayor Kim McGuinness (Chair)
- Councillor Tracey Dixon
- Councillor Martin Gannon
- Councillor Dan Greenhough
- Councillor Amanda Hopgood
- John McCabe
- Councillor Michael Mordey
- Dame Norma Redfearn DBE
- Councillor Richard Wearmouth

C57/01/25 Apologies for Absence and Substitutes

Councillor Karen Kilgour. Councillor Dan Greenhough attended the meeting as her substitute. Councillor Glen Sanderson. Councillor Richard Wearmouth attended the meeting as his substitute. Martin Brookes, CVS Cabinet Member.

C58/01/25 Declarations of Interest

There were no declarations of interests.

C59/01/25 Mayor's Announcements

In her announcements Mayor Kim McGuinness:

- Welcomed everyone to the first Cabinet meeting of 2025, highlighting the progress in delivering for the people of the North East. She emphasised that the items for consideration at the meeting reflected the promise made collectively to the people of the region and deliver real change.
- Informed that since the last meeting there had been some good news that saw the commitment in action for culture, heritage and creative industry with funding of £10 million to enhance glass making and maintain the industry in Sunderland. The Mayor also referenced the opening of a new National Writing Centre in Newcastle and emphasised that the investments would attract visitors and create jobs for people from all backgrounds.
- Thanked everyone for promoting the extensive consultation into the Local Transport Plan, that received more than 16,000 responses, from every postcode in the region. The next steps would be to deliver greener buses, new metro trains, safer transport network and informed that the public would be updated in the months ahead on the various stages of delivery and future expectations.

- Informed that the combined authority was working closely with Government Treasury department on a pilot on infrastructure to proactively drive investment in the region.

C60/01/25 Minutes

Resolved that the minutes of the meeting held on 26 November 2024 and the Extraordinary meeting held on 10 December 2024 be confirmed and signed by the Mayor as a correct record.

C61/01/25 Appointment to Cabinet – Chair of Business and Economy Board

Cabinet received a report that proposed the appointment to Cabinet of a new member and substitute member to represent the business interests of the combined authority area and to Chair the Business and Economy Board.

It was proposed that John McCabe be appointed as Chair and Emily Cox as Vice Chair of the Business and Economy Board.

John McCabe addressed the meeting expressing his thanks for his and Emily Cox's appointments. He expressed his thanks for the support given by the Chamber of Commerce Board in backing him to seek the appointment and how he was impressed by the pace of delivery of the devolution deal.

Members welcomed John McCabe and Emily Cox to the Business and Economy Board and their position on Cabinet and looked forward to working with them.

Resolved:

1. John McCabe be appointed as the Business Board Member of Cabinet and as the Chair of the Business and Economy Board; and
2. Emily Cox be appointed as the Substitute Business Board Member of Cabinet and as the Vice Chair of the Business and Economy Board.

C62/01/25 Public Service Reform Programme

Cabinet received a report that provided an overview of a bold programme of work for the new Public Sector Reform (PSR) Portfolio and outlined connections and alignment across portfolios and with strategic partners. The report also proposed an indicative funding allocation to allow the delivery of impactful new projects to begin quickly, while creating the foundations required for long-term success.

Cabinet endorsement was sought for three key elements of the programme: the overall direction of the portfolio, which had been informed by engagement with key partners; the agreement of a joint Statement of Intent to underpin cross-sector working and partnerships; and the allocation of funds to enable the development of business cases and pilot projects to begin.

The mayor expressed her thanks to the cabinet member and officers for their work in progressing the work.

Members welcomed the report and expressed their agreement to the suggested key themes within the PSR statement of intent, and the intention for this work to support the portfolio advisory board and the child poverty reduction unit.

Resolved:

1. Note and endorse the overall direction of the new Public Service Reform portfolio.
2. Endorse the joint Statement of Intent for Public Service Reform in the North East.
3. Approve an Investment Fund allocation of £350,000 to allow for rapid business case development of a Radical Prevention Programme, including support for pilots and the delivery of this work, with delegated authority to the Chief Executive, in consultation with the Mayor and Portfolio Holder, to procure and award the necessary contracts and determine arrangements, in accordance with the Single Assurance Framework and North East CA policies and procedures.

C63/01/25 The Leamside Investment Corridor

Cabinet received a report that updated on the proposed development of a strategy for a Leamside Investment Corridor.

It detailed the long-term ambition to re-open the Leamside railway line that ran from Gateshead to Ferryhill in south County Durham, where it connected with the East Coast Main Line. The report set out plans for a much broader, ambitious, vision and strategy; that was about place-based growth, regeneration, better access to skills and employment, with the potential for a new town and/or other significant new housing, and the opportunity to realise significant government and private sector investment.

The Leamside Investment Corridor was expected to unlock significant levels of new private sector investment and financial innovation, delivering outcomes and contributing to the business case for the rail line itself reopening. It would provide an opportunity to manage the growth opportunities that the rail line would unlock that included enabling a new housing development, the corridor would provide better access to existing employment sites like Nissan and International Advances Manufacturing Park (IAMP); and support regeneration through connectivity in a number of more deprived communities, particularly around Washington North, Penshaw, West Rainton, Ferryhill and Fencehouses.

The approach the report proposed provided an outline framework, proposed future governance model and early actions to accelerate the Leamside Investment Corridor.

Members stated that report demonstrated clearly the purpose of the Combined Authority and its short, medium and long term goals in relation to transport and investment for the region. The opening of the Leamside line was a long term ambition and commitment to making the case to how this would bring economic growth in the region.

A member raised that the Leamside Investment Corridor was only one element of a much-needed strategic transport plan.

Resolved:

1. Note the contents of this report;
2. Endorse the Leamside Investment Corridor approach;
3. Agree an allocation of up to **£500k** from the North East Combined Authority Investment Fund to fund the development of the strategy and associated artefacts, including research; initial masterplan (including preliminary growth and housing strategies); cultural and creative strategy; and new area and spatial maps to illustrate the vision; and
4. Authorise the Chief Executive, in consultation with Director of Finance and Investment, to procure and enter into contracts with third party support for the above, within the stated allocated funds and in accordance with North East CA Financial Regulations, the Single Assurance Framework and policies and procedures.

C64/01/25 Housing, land, and place regeneration early priorities

Cabinet received a report that updated on the work of the Housing and Land Portfolio, building on initial priorities and commitment to deliver good quality and green homes. In total, over £120m of Combined Authority Investment had been made in housing and other capital projects, with the expected unlocking of over 3,000 homes alongside employment and regeneration benefits. It was reported that with current Brownfield Housing Fund resources fully allocated, work was also being undertaken on pipeline development, including seeking opportunities to build more social and affordable homes.

This included identifying priorities for investment and deepening partnership with Homes England and to maximise alignment and opportunities for future funding, building on the existing North East Strategic Place Partnership (SPP) agreement.

The report set out a proposed scope and next steps to establish a North East High Streets Commission, as an important step towards building a long-term and multi-agency approach that would support the vibrancy of high streets and town centres.

Working with external partners from the public and private sectors, the Commission would learn from the experiences and outcomes of constituent Local Authorities as well as other stakeholders from the region and further afield. The Commission would consider how best to support the longer-term regeneration and development of high streets, including establishing funding models that could leverage in further investment from the private sector.

As part of the Trailblazer Devolution Deal, £850,000 funding was earmarked to help plan for delivering lasting transformational change on the high street and it was asked to agree in principle to use the allocation for the establishment of the Commission and the development of its initial priorities for intervention.

Members stated that the report demonstrated what was already being delivered in the area, and that the high streets commission was important as there was a need to address long standing problems with high streets. It was expressed that there was a need for collaboration with all community sectors coming together to co-produce projects, with the need for private investment being vital.

It was asked what process would be proposed for constituent authorities to seek funding support from the combined authority for their own planned activity. The necessity for the commission to engage with high street business proprietors and communities to develop the best local opportunities for the repurposing the high street was also raised.

It was stated that where the constituent authorities had ownership, some good models of repurposing of shops and libraries and bringing them into housing use had been achieved.

Resolved to:

1. Note the progress made to date in respect of delivering Cabinet priorities through the Housing and Land Portfolio, and to endorse the work programme and priorities for 2025 set out in sections 3-5 of the report;
2. Agree to allocate £1m of technical assistance funding to strengthen the business cases and investment readiness of schemes on the North East Strategic Place Partnership housing pipeline and to delegate approval of the final principles, eligibility, scope, delivery and procurement arrangements of the fund to the Chief Executive, in consultation with Finance and Investment Board.
3. Agree to the launch of The North East High Streets Commission in Spring 2025, and:

- a. Delegate approval to the Chief Executive, in consultation with the Mayor and Cabinet, to appoint a Chair and members of the North East High Streets Commission and to agree its terms of reference.
- b. Agree that £700,000 of Trailblazer revenue resources are allocated to build the initial local priorities and inform the development of a programme of intervention for our highstreets, with delegated authority to the Chief Executive to award this funding to the Local Authorities as delivery partners, in accordance with the North East CA financial regulations and assurance procedures.
- c. Agree that £150,000 of Trailblazer revenue funding is allocated to support the establishment, secretariat, evidence base and work of the North East High Streets Commission, with delegated authority to the Chief Executive to take all necessary steps to implement these proposals.

C65/01/25 2025-26 Budget and Corporate Plan and the Medium-Term Financial Plan

A report was received that requested approval of the final draft 2025-26 Budget, Medium Term Financial Plan and Corporate Plan for the North East Combined Authority (North East CA).

The Corporate budget and the Investment Programme budget had been reviewed during the period to the end of September 2024 and formed the base financial position on which the draft budget for 2025-26 had been developed.

The report included details of the North East CA's first Corporate Plan and was designed to focus the organisation on impactful delivery on behalf of the region and build on the work of the seven local authorities, two combined authorities, and partner organisations which together helped unlock the potential of devolution in the North East.

The mayor referenced the metro funding and advised whilst fares for the new metro fleet delivery was progressing performance had been affected by the Gateshead flyover road closure. It was proposed the metro fare rise be delayed until the summer, 1 July 2025, this would come at a cost to funding levels but there was a need to support passengers by having a short-term fare freeze until more of the new metro fleet were in service. The budget showed that there was no Mayor's precept to be applied.

Resolved:

1. Agree the Corporate Plan as set out in section 2;
2. Agree the North East CA Corporate Budget for 2025-26 as set out in section 4;
3. Agree the overarching delivery budgets as set out in Sections 6-10;
4. Agree the following Transport Levies for 2025-26:

Durham County Council	£16,937,200
Northumberland County Council	£6,747,800
Tyne and Wear Councils	£72,409,000 (allocations detailed in Table 11)

5. Agree a transport revenue grant to Durham County Council for the delivery of transport services of £16,927,200, as outlined in section 17.2;
6. Agree a transport revenue grant to Northumberland County Council for the delivery of transport services of £6,737,800 as outlined in section 17.3;
7. Approve the Nexus 2025-26 revenue budget including proposed use of reserves, and agree a transport revenue grant to Nexus for the delivery of transport services in Tyne and Wear of £70,246,000 as outlined in section 17.5 and Appendix E;
8. Approve increases to Metro, Bus and Ferry fares together with a freeze in Under 16 concessionary products, as set out in section 17.7 and Appendix E;

9. Approve Nexus' three-year capital programme (2025-26 to 2027-28), noting that funding for a sizeable part of the 2026-27 programme is yet to be secured from CRSTS Round 1; funding for the 2027-28 programme is yet to be secured from CRSTS Round 2; and that £21.676m of reserve funding and £29.850m overprogramming has been factored in to the overall financing of the programme;
10. Approve the following BSIP fare caps for the period 1 April 2025 to 31 December 2025:
 - The £1 single fare and £3 daily cap for people aged 21 and under to be retained at the existing price points;
 - Adult multi-modal daily caps to be adjusted to £5 for Durham, £6 for Northumberland, £6.80 for Tyne and Wear and £7.50 for the entire North East CA area.
11. Approve the budget for the Tyne Tunnels set out in section 18, including the proposal to increase tolls for Class 2 vehicles to £2.50 (10p increase) and Class 3 vehicles to £5.00 (20p increase) and maintain the 10% discount for pre-paid customers;
12. Note the reserves position as set out in Section 20, which will be kept under review while consideration of additional information becomes available about the financial risks facing the North East CA and the proposed arrangements for managing those risks.
13. Authorise the Director of Finance and Investment to accept the grant offer from Government with respect to the Made Smarter, UKSPF and the Economic Inactivity Trailblazer programmes on behalf of the Authority, subject to the terms and conditions set out by Government.
14. Authorise the Chief Executive, in consultation with the Director of Finance and Investment and relevant Cabinet Member, to approve commencement of the associated procurement activity with respect to Made Smarter, UK SPF and the Economic Inactivity Trailblazer programmes and subsequent award of contracts.
15. Authorise the Chief Executive, in consultation with the Director of Finance and Investment, Monitoring Officer and relevant Cabinet Member to approve project applications and contracts brought forward through the approved Made Smarter, UK SPF and Economic Inactivity Trailblazer Delivery Plans, in line with the North East Single Assurance Framework.
16. Agree the Treasury Management Strategy and Prudential Indicators as set out in Appendix H.

C66/01/25 2024-25 Budget Monitoring Position Update

A report was received that presented a revised budget position for 2024/25, showing the updated forecast spend for the North East Combined Authority's Corporate Budget and delivery programmes.

The report also identified further updates expected to impact on either the corporate or service delivery planned budgets in 2024/25.

Resolved:

1. Note the updated corporate budget position for 2024/25;
2. Note the planned funding and commitment levels for the delivery programme; and
3. Approve the planned budget updates.

C67/01/25 North of Tyne Combined Authority and the former North East Combined Authority 2023-24 Statements of Accounts

A report was received that presented the Draft Statements of Accounts for the period ending 6 May 2024 for both the former North of Tyne Combined Authority (NTCA) and the former North East Combined Authority (NECA). The report covered the regulations under which the Statements of Accounts were prepared and detailed the items included within them.

At the time of consideration, the audits of the NTCA and NECA accounts were not complete. The auditors would report to the 18 February 2025 Audit and Standards Committee with the expectation that the audits be completed by end of February 2025.

Resolved:

1. To note the two sets of Statements of Accounts for the period ended 6 May 2024, including the Narrative Reports and Annual Governance Statements in line with Audit and Accounting Regulations 2015 as presented.
2. Authorise the Director of Finance and Investment, in consultation with the Mayor, Chief Executive and chair of the Audit and Standards Committee, to agree to any final amendments or changes to the two sets of Statements of Accounts for the period ended 6 May 2024, including the Narrative Reports and Annual Governance Statements and thereafter to approve the same.

C68/01/25 Exclusion resolution

Exclusion of Press and Public Resolved that, by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, press and public be excluded because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

C69/01/25 Tyne Pressure Testing Project: North East Investment Fund Loan Variation

Consideration was given to the recommendation to write off a loan made to Tyne Pressure Testing Limited. This loan was made through the North East Investment Fund (NEIF) as part of an investment decision made by the former North East Local Enterprise Partnership (NE LEP).

Resolved:

1. Agree the partial write down of the North East Investment Fund Loan to Tyne Pressure Testing Ltd from a current balance of £3,483,613 to £435,000, as recommended by the Finance and Investment Board.
2. Agree the repayment of the remaining balance of £435,000 by Tyne Pressure Testing Ltd as recommended by the Finance and Investment Board.
3. Agree the application of an appropriate Upside/Clawback clause, to be triggered after five years should the cash balances of Tyne Pressure Testing Ltd exceed the agreed forecast, or there is the prospect of additional income from the sale of the asset/company subsequent to the write down of the debt.
4. Delegate to the Chief Executive, in consultation with the Director of Finance and Investment and the Monitoring Officer, to conclude the agreement following the application of appropriate subsidy control advice.

C70/01/25 Sale of land by Nexus

A report was received that sought approval for the disposal of land adjacent to Heworth Interchange, as required by the Transport Act 1968 since this was a disposal of Nexus land.

It was recommended that the timing of the sale of the land be delegated to Chief Executive in consultation with the Mayor, the Director of Finance and Investment and the Managing Director of Nexus following the receipt of updated data to the usage of the land.

Resolved:

1. Agree to delegate final approval of the sale of Nexus land at Heworth Interchange (as shown edged red at Appendix 1) to the Chief Executive in consultation with the Mayor, the Director of Finance and Investment and the Managing Director of Nexus.