

Meeting of Members of the Overview and Scrutiny Committee

10 December 2024

(10.00am)

Meeting held in: Swan/Parson Room, Newcastle Civic Centre

Notes

Present:

- Councillor Colin Ferguson
- Councillor Steve Fairlie
- Councillor John Eagle
- Councillor Willie Samuel
- Councillor Jim Yare
- Councillor Les Bowman
- Councillor Rob Crute
- Councillor Dawn Welsh
- Councillor Tracy Dodds

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

1. North East Environmental Stewardship, Coast and Rural Growth Investment Plan

At its meeting on 26 November 2024, the Cabinet had approved an Environmental Stewardship, Coast and Rural Growth Investment Plan. The plan had been progressed as an early priority for the Authority as both the Mayoral Manifesto and the Devolution Deals were clear that future economic growth needed to benefit all, including those who faced rural disadvantage. The plan sought to create and deliver new solutions to environmental stewardship and coastal and rural growth opportunities and challenges, making use of natural assets to combat climate change and build better places to live.

In approving the plan, the Cabinet had approved:

- a) an indicative budget allocation of £15.75m to facilitate the delivery of the Investment Plan, focussed on the following two priority areas, £7.25m for the environment and nature and £8.5m for rural and coastal growth; and
- b) a £1.25m Environment, Coast & Rural Enabling Fund, including £300k for resources to oversee the implementation of the Investment Plan and to provide secretariat support for a Rural & Coastal Taskforce; £300k for a climate resilience pilot; and £650k to support the development of investible propositions in accordance with the strategic priorities set out in the plan.

The programmes set out in the Plan were indicative at this stage and subject to the usual business case development and approval processes as required by the Authority's Single Assurance Framework.

Councillor Sanderson, Cabinet Member for Environment, Coast and Rural, had been invited to the meeting but had been unable to attend due to other commitments. Members discussed different aspects of the Plan with Henry Kippin, Chief Executive, Ross Lowrie, Principal Manager (Low Carbon Growth and Net Zero) and Sarah McMillan, Northumberland County Council's Director of Economic and Growth. During the discussion the following issues were considered in more detail:

- a) how the Authority would balance different, potentially conflicting aims, such as recovering local nature and preserving land whilst also supporting tourism, economic growth and house building,
- b) the extent, definition and significance of rural areas in the region and the need for a definition of coastal areas,
- c) the poor condition of the region's National Landscapes (formerly Areas of Outstanding Natural Beauty), funding pressures on work to protect areas like the Northumberland Coast and the opportunity to develop and implement high integrity carbon and nature markets to repair and restore landscapes and nature,
- d) the opportunity to attract inward investment which will generate biodiversity net gain, nature recovery and reduce carbon emissions,
- e) the Authority's approach to natural carbon capture,
- f) how the allocations agreed by Cabinet represented the first phase of investment. The Authority working with others would use the indicative funding to seek further investment and to leverage an overall package of at least £25m of activity over the next 5 years,
- g) the connections between the Investment Plan and other related portfolios such as transport, tourism, housing and skills,
- h) the merits of supporting innovative and emerging technologies as opposed to revisiting traditional rural and coastal industries such as mineral extraction and fishing and
- i) the value of the plan in providing a value set within which the Authority could adapt and respond to new legislation and government policy.

2. Budget Monitoring Position as at 30 September 2024

Members examined the Authority's revised budget plan for 2024/25, showing the updated positions for the corporate budget and delivery programmes. The report included a summary of performance in relation to the Authority's programmes, a review of treasury management at the mid-year point and a statement of the Authority's reserves. The report had previously been considered by Cabinet at its meeting on 26 November 2024.

Members asked a series of questions of Janice Gillespie, Director of Finance and Investment, when the following aspects of the report were examined in more detail:

- a) the reasons for a total of £449.363million of cash balances currently being held as investments,
- b) the timetable of the ongoing Local Transport Plan consultation which would close after the Committee's budget workshop on 14 January 2024, but before the Cabinet were due to consider and approve its Budget and Corporate Plan on 28 January 2024,
- c) the differences between the Authority's Strategic Reserve and its Strategic Capacity Reserve and
- d) clarification in relation to the meaning of committed and uncommitted funds in the report.

Officers undertook to provide members of the Committee with supplementary information in relation to:

- i) the operating profit of TT2 Ltd, the operator of the Tyne Tunnels; and
- ii) details of the Lender Option Borrower Option (LOBO) maturity loans held by the Authority.

Members confirmed their desire to examine on a regular basis budget monitoring and performance management reports. Members also asked that they be provided with training to help them to read and interpret the Authority's budget monitoring reports.

3. 2025-26 Budget, Medium Term Financial Plan and Corporate Plan

Henry Kippin, Chief Executive, and Janice Gillespie, Director of Finance and Investment, presented the Authority's initial 2025-26 Budget, Medium Term Financial Plan and Corporate Plan proposals. Members were invited to make any comments which would be taken into account in formulating the final proposals. The final proposals would be presented to a budget workshop to be held on Tuesday 14 January 2024 when the Overview and Scrutiny Committee would be provided with a further opportunity to make recommendations to Cabinet.

Members asked questions and made comments in relation to:

- a) the governance of the Authority and in particular the role and membership of the advisory boards, which were to be reviewed annually, and the officer and political level collaboration between the Authority's committees and boards. It was suggested that these connections could be better reflected in the Corporate Plan,
- b) balancing investment in new and emerging industries with support for existing and available options for economic growth,
- c) the interdependency between the Authority and its constituent councils and the implications for the Authority of financial pressures within its constituent councils,
- d) the need for a performance management framework to evaluate the outputs and outcomes of the Authority's activities over the long term,
- e) the need for resilience in the regional economy so that it could respond to market changes and maximise the potential for developing supply chains to support inward investment,
- f) how the Authority could support young people with disabilities, health conditions and additional barriers to seek sustained employment and help fill gaps in local authority provision. Members expressed an interest in examining these programmes in more detail, including the Connect to Work programme and
- g) the Authority's overall approach to driving transformational growth in the regional economy, encompassing inward investment, development of the foundational economy and investment in skills and transport.

At the conclusion of the discussion the Chair suggested that the focus of the budget workshop in January should be on:

- a) seeking evidence of a golden thread between the missions set out in the Corporate Plan and the spending plans set out in the Budget and Medium Term Financial Plan;
- b) examining whether the budget contains adequate resourcing to achieve the Authority's stated missions; and
- c) exploring the proposed performance monitoring arrangements to better understand expected outputs, outcomes and milestones and how these would be measured to ensure they were being delivered.

4. Overview and Scrutiny Work Programme

The Chair sought members views on the option of appointing a task and finish group to examine the business case for the re-opening of the Leamside railway line. A number of members expressed their support for such an exercise and indicated they would be willing to serve on a group.