

**Corporate Overview and Scrutiny
Management Board**

28 October 2024

North East Combined Authority Update



Report of Helen Bradley, Director of Legal and Democratic Services

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide members of the Corporate Overview and Scrutiny Management Board (COSMB) with an update on the establishment of and governance arrangements for the North East Combined Authority (NECA).

Executive summary

- 2 In December 2023 a devolution deal for the North East was announced covering the areas of County Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. The deal aimed to give local leaders greater control over funding across the area and take decisions normally made by central government locally.
- 3 The North East Mayoral Combined Authority (Establishment and Functions) Order 2024 was made on 20 March 2024 and dissolved the previously established combined authorities for County Durham, Gateshead, South Tyneside and Sunderland and Newcastle Upon Tyne, North Tyneside and Northumberland respectively.
- 4 The Order also established the North East Combined Authority covering County Durham, Gateshead, South Tyneside, Sunderland, Newcastle Upon Tyne, North Tyneside and Northumberland which came into existence on 7 May 2024.
- 5 On 2 May 2024 Kim McGuinness was elected as Mayor for the NECA area.

- 6 This report provides an overview of NECA's governance arrangements in relation to its Cabinet, Overview and Scrutiny arrangements and Audit and Standards Committee.
- 7 The Council is able to make representations to NECA both via its NECA Cabinet member for Culture, Creative, Tourism and Sport, Cllr Hopgood and also via the representatives appointed to the NECA Overview and Scrutiny Committee, Cllrs Crute and Lines. It is essential that these communications are two way and must be effective.
- 8 The Council previously had effective relationships with the former North East Combined Authority covering Durham, Gateshead, South Tyneside and Sunderland Councils and also the Joint Transport Committee which covered the footprint of the former NECA and North of Tyne Combined Authorities. Council representation on both bodies ensured a regular discourse and opportunity for feedback between the CAs and the Council's own Scrutiny arrangements. It is anticipated that this can be replicated and built on under the new arrangements.

Recommendation(s)

- 9 Members are asked to receive the report and note the information contained therein.

Background

- 10 In December 2023 a devolution deal for the North East was announced covering the areas of County Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland. The deal aimed to give local leaders greater control over funding across the area and take decisions normally made by central government locally.
- 11 The devolution deal provides NECA with new powers and funding to increase opportunities and living standards through inclusive growth and productivity improvements. The deal includes:-
 - (a) the election of a North East mayor to provide overall vision and leadership, be directly accountable to the electorate and to receive new powers on transport, housing and skills;
 - (b) control of an investment fund over 30 years to be invested by the North East to drive growth and take forward its priorities over the longer term;
 - (c) new powers to improve and better integrate local transport, including the ability to introduce bus franchising and control of a key route network;
 - (d) a city region sustainable transport settlement;
 - (e) new powers to better shape local skills provisions to ensure these meet the needs of the local economy. This will include devolution of adult education functions and the core adult education budget, as well as input into the new local skills improvement plans;
 - (f) planning and delivery of the UK Shared Prosperity Fund (UKSPF) from 2025/26;
 - (g) the integration of the North East Local Enterprise Partnership into the Authority will ensure there continues to be a strong and independent local business voice which informs local decision making and strategic economic planning;
 - (h) a commitment to explore a local partnership with Great British Railways Transition Team so that the Authority can help shape and improve the local rail offer;
 - (i) new powers to drive the regeneration of the area and to build more affordable, more beautiful homes, including compulsory purchase powers and the ability to establish mayoral development corporations;

- (j) additional funding for building new homes on brownfield land;
 - (k) capital funding to drive place-based economic regeneration; and
 - (l) a commitment to developing, in partnership with the Government, an arrangement which ensures close cooperation with the North East's Police and Crime Commissioners (PCCs), and a key leadership role for the mayor in local resilience and civil contingency planning, preparation and delivery.
- 12 The North East Mayoral Combined Authority (Establishment and Functions) Order 2024 was made on 20 March 2024 and dissolved the previously established combined authorities for County Durham, Gateshead, South Tyneside and Sunderland and Newcastle Upon Tyne, North Tyneside and Northumberland respectively.
- 13 The Order also established the North East Combined Authority covering County Durham, Gateshead, South Tyneside, Sunderland, Newcastle Upon Tyne, North Tyneside and Northumberland which came into existence on 7 May 2024.
- 14 On 2 May 2024 Kim McGuinness was elected as Mayor for the NECA area.
- 15 NECA has a declared purpose to champion the full potential of our region. Collaborating with our partners and local authorities, we'll create a better way of life by connecting communities, giving people the skills to succeed, and improving wellbeing for all, so that the North East is recognised as an outstanding place to live, work, visit and invest.
- 16 NECA has also agreed five commitments of:-
- (a) **A fairer North East.** We'll help people thrive with aspirational jobs, new skills, and better homes, improving quality of life for everyone. We'll create confidence in the North East by reducing inequalities and improving health.
 - (b) **A greener North East.** We'll take inspiration from our industrial heritage and unique mix of urban areas, countryside, coastline and rivers, to nurture our natural resources - creating green jobs, sustainable industry, and clean energy.
 - (c) **A connected North East.** We'll get behind businesses so they can improve productivity and connectivity. With better local transport networks and digital infrastructures, the North East will have a global reach, becoming the go-to place for innovative ideas and real-world results.

- (d) **An international North East.** Building on our economic strength, and championing our heritage, culture, arts and sports, we'll drive the region's ambition to continually attract visitors and investment.
- (e) **A successful North East.** Together, we'll speak with one voice, and define our own future, cultivating the talent, skills and innovation that will help grow our existing economy, becoming green industry leaders and a cultural destination - making the North East one of the best places to live, work, and invest.

Governance arrangements

NECA Cabinet

- 17 The inaugural meeting of the NECA Cabinet was held in County Hall, Durham on 7 May 2024 at which the Cabinet membership was confirmed with the seven leaders of the constituent Councils appointed to serve on the Cabinet with two agreed substitute members also agreed for each Cabinet member.

Authority	Cabinet Member	Portfolio Lead
Durham	Cllr Amanda Hopgood	Culture, Creative, Tourism and Sport
Gateshead	Cllr Martin Gannon	Transport
Newcastle	Cllr Nick Kemp	Economy
North Tyneside	Dame Norma Redfearn DBE	Housing and Land
Northumberland	Cllr Glen Sanderson	Environment, Coast and Rural
South Tyneside	Cllr Tracey Dixon	Education, Skills and Tourism
Sunderland	Cllr Graeme Miller	Finance and Investment

- 18 At the 7 May NECA Cabinet meeting a constitution for the authority was also agreed. ([NECA Constitution](#))
- 19 The NECA Cabinet at its meeting held on 11 June 2024 confirmed that Councillor Michael Mordey, Sunderland City Council had been appointed as NECA Cabinet member for Finance and Investment replacing Councillor Graeme Miller. Councillor Martin Gannon was also appointed as Deputy Mayor for NECA.

- 20 NECA’s Cabinet continues to meet on a monthly basis. It is required to publish a forward plan of key decisions and the latest copy published on 16 August 2024 can be found here. ([NECA forward-plan](#))
- 21 The Authority has established Portfolio Advisory Boards to bring together key stakeholders to support and advise Cabinet in steering and delivering NECA’s strategies and programmes.
- 22 Each Advisory Board is an informal working group and not a committee or subcommittee of the Authority. As such, it does not have decision-making powers, political balance rules do not apply to its membership and it is not subject to the access to information rules which apply to local authority meetings.
- 23 NECA Cabinet is responsible for developing and approving the terms of reference of each Advisory Board; determining the composition of each Advisory Board and making appointments thereto; and approving the procedural arrangements which shall apply to each Advisory Board.

NECA Overview and Scrutiny Committee

- 24 In accordance with the NECA Constitution, NECA’s Cabinet have appointed an Overview and Scrutiny Committee (OSC) comprising two members from each constituent authority with named substitutes for both. The OSC must reflect the political balance across the region as a whole.

Authority	Members	Substitutes
Durham	Cllr Rob Crute (Lab) Cllr Chris Lines (Dur Gp)	Cllr Carl Marshall (Lab) Cllr Sam Zair (Dur Gp)
Gateshead	Cllr John Eagle (Lab) Cllr Dawn Welsh (LD)	Cllr Stuart Green (Lab) Cllr Amanda Wintcher (LD)
Newcastle	Cllr Colin Ferguson (LD) Cllr Linda Wight (Lab)	Cllr Greg Stone (LD) Cllr Steve Fairely (Lab)
North Tyneside	Cllr Jim Montague (Lab) Cllr Charlie Gray (Lab)	Cllr Pat Oliver (Lab) Cllr Willie Samuel (Lab)
Northumberland	Cllr Richard Dodd (Con) Cllr Brian Gallacher (Lab)	Cllr Gordon Castle (Con) Cllr Les Bowman (Lab)
South Tyneside	Cllr John McCabe (Lab) Cllr Andrew Guy (Green)	Cllr Shane Smith (Lab) Cllr Jim Yare (Green)
Sunderland	Cllr Claire Rowntree (Lab) Cllr Antony Mullen (Con)	Cllr Tracy Dodds (Lab) Cllr Dominic McDonagh (Con)

- 25 In accordance with the NECA Constitution the OSC must appoint an “appropriate person” which means that the OSC Chair cannot be a member of the same registered political party as the elected Mayor. The NECA OSC Chair is Councillor Colin Ferguson from Newcastle City Council.
- 26 The NECA OSC terms of reference can be found in Part 2.4 of the NECA Constitution and state that the OSC can:-
- (a) Review or scrutinise decisions made, or other actions taken, by the Cabinet or the Mayor in connection with the discharge of any functions which are the Cabinet’s or the Mayor’s responsibility. (In exercising this function, the Committee may also direct that a decision is not to be implemented whilst it is under review or scrutiny and, furthermore, to recommend that the decision be reconsidered – this is referred to in this Constitution as “call-in”.)
 - (b) Make reports or recommendations to the Cabinet or the Mayor (as appropriate) with respect to the discharge of their functions or on matters of strategic importance that affect the Combined Area or inhabitants.
 - (c) Review the performance of the Cabinet and Mayor against objectives within their strategies and policies.
 - (d) Facilitate the exchange of information about the work of the Cabinet and the Mayor and share information and outcomes from reviews.
- 27 The members of the NECA OSC can scrutinise and challenge the Cabinet and the Mayor and consider matters of strategic importance to residents within the North East CA’s area with a view to influencing the decisions of the Cabinet and the Mayor
- 28 The NECA OSC is responsible for determining its own work programme and the OSC members joined an induction workshop held on 18 June 2024 where they received presentations regarding the functions and operation of NECA and to begin development of an OSC work programme.
- 29 At the first NECA OSC meeting held on 16 July 2024, the Committee agreed a work programme for the remainder of the 2024/25 municipal year, which includes an update from the Mayor Kim McGuinness; updates from Cabinet members in respect of Strategic Portfolio Delivery Plans; MTFP and Budget Setting proposals; Budget and performance Monitoring reports; the North East Local Transport plan and Bus reform options. A copy of the work programme is attached at Appendix 2.

Relationship with Durham County Council scrutiny arrangements.

- 30 The Council's COSMB and a number of the Council's thematic Overview and Scrutiny Committees have identified areas within their individual work programmes which include considerations which arise from the devolution deal for NECA. These areas include Transport policy and planning, Bus Services, Economic Regeneration, Housing, Poverty action, education and skills development.
- 31 Whilst the Council's Overview and Scrutiny Committees will want to understand the benefit and impacts of NECA on the delivery of our own priorities, it is not the County Council's COSMB or thematic scrutiny committee's role to scrutinise the performance of NECA. That role sits with the NECA OSC.
- 32 The Council's Cabinet, COSMB and thematic scrutiny committees can oversee the contribution of NECA to its own priorities by ensuring that their own reports include the role and impact of NECA in delivering against these priorities such as the Inclusive Economic Strategy, our skills development agenda, local transport initiatives and the value of the County Durham Visitor economy. Our own budget and MTFP reports will also include references where NECA funding has been identified and allocated to Council led projects.
- 33 In doing so, members have raised the issue of how Durham County Council is able to ensure that the priorities identified within the County Durham Vision and Council Plan are raised with NECA and there is synergy and demonstrable links between the work undertaken by NECA and the County Council. In considering their own work programme priorities, the Council's COSMB and thematic Overview and Scrutiny Committee's may wish to consider NECA's Forward Plan and OSC work programme priorities.
- 34 The Council is able to make representations to NECA both via its Cabinet member for Culture, Creative, Tourism and Sport, Cllr Hopgood and also the representatives appointed to the NECA Overview and Scrutiny Committee, Cllrs Crute and Lines. It is essential that these communications are two way and that they are effective.
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County Durham Early Priorities

- 36 Devolution is a long term arrangement, and whilst the investment that comes to the County as a result of devolution is important, devolution should be seen in a much wider context. For example, the way that we convene as a region, ensure our voice is amplified in central decision making and influencing national policy and investment decisions. Devolution is a mechanism to build on existing partnerships and harness our collective strengths, for example the four universities of the north east, major businesses and ensure greater coordination of our clusters e.g. the relationship of key investments in Durham with those of our spatial partners.
- 37 Although funding and investment is not the only priority of devolution, it is important that we see the flow of investment into Durham from devolution that reflects our role in ensuring the region is able to release it's potential, and as the largest economy, Durham plays a key role for all. Set out below are some key investments directly into Durham through devolution following decisions in 2024:
- (a) £72m Direct investment through Local Transport Funding to 2028, when Durham will then join the regional transport funding pipeline.
 - (b) £6m Brownfield Housing Funding to cover investment supporting viability for sites in Horden and Peterlee
 - (c) A share of £80m Investment Fund through the Investment Zone status at NETPark
 - (d) £20m regeneration funding for Aykley Heads and NETPark
- 38 As devolution in the regional matures and our Growth Plan and Industrial Strategy develops, we will expect to see many more investments in housing, skills and economic growth through the regional agenda.

Audit and Standards Committee

- 39 NECA has also established an Audit and Standards Committee to support and monitor the governance, risk management, external audit, internal audit and financial reporting of the CA, ensuring that they are managed to the highest standard of openness, integrity and accountability.
- 40 The Committee is independently chaired by Dave Willis, OBE who was appointed following a recruitment exercise. Councillors Alex Watson

and Louise Fenwick (Chair and Vice Chair of the Councils own Audit Committee) are the County Council's representatives on the Committee. Their respective named substitutes are Councillors George Smith and Joan Nicholson.

Background papers

- None

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Appendix 1: Implications

Legal Implications

None.

Finance

There are no direct financial implications arising from this report.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

In developing the proposals for the new combined authority, the Councils had regard to their obligations under section 149 of the Equality Act 2010 (i.e. the public sector equality duty).

Climate Change

None.

Human Rights

The green agenda is a critical element of the devolution deal and there are several initiatives detailed within the report which will contribute to NECA's stated aim of "A Greener North East".

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: North East Combined Authority Overview and Scrutiny Work Programme 2024/25

NECA OSC 8 October

- Mayoral Update – Mayor Kim McGuinness
- 2024/25 Budget setting process
- Strategic Portfolio Delivery Plans
- North East Local Transport Plan
- Bus Reform Options

NECA OSC 10 December

- Medium Term Financial Plan/Budget Proposals
- Q2 Budget and Performance Monitoring
- Child Poverty Prevention

NECA OSC 14 January 2025 - Budget Workshop

NECA OSC 4 March

- Q3 Budget and Performance Monitor again could be Finance and Performance
- Scrutiny Annual Report
- AEB (Adult Education Budget) and Skills Update
- Strategic Portfolio Delivery Plans Update
- Transport – first year in review