



Leadership Board

Tuesday, 20th March 2018 at 2.00 pm

Meeting to be held in a Committee Room, Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL

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SUPPLEMENTAL AGENDA

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6. North of Tyne Proposals - Consent to Secretary of State's Order	1 - 18
8. Exclusion of Press and Public	
Under section 100A and Schedule 12A Local Government Act 1972 because exempt information is likely to be disclosed and the public interest test against disclosure is satisfied.	
9. Funding Approvals	19 - 40

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To All Members

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Leadership Board

Date: 20 March 2018

Subject: North of Tyne Proposals – Consent to Secretary of State’s Order

Report of: Monitoring Officer, Head of Paid Service and Chief Finance Officer

Executive Summary

The purpose of this report is to provide an update on the recent consultation on North of Tyne proposals, including the creation of a North of Tyne Mayoral Combined Authority following the amendment of the current North East Combined Authority (NECA) boundaries. In addition, the report discusses a draft Order received from the Secretary of State giving effect to the amendment of NECA boundaries, the creation of the North of Tyne Mayoral Combined Authority, the creation of Joint Transport governance arrangements and similar matters.

Recommendations

The paper invites the Leadership Board to:

- (i) note the substantial progress that has been made with the development of a draft Secretary of State Order to:
 - a. amend the boundaries of NECA to remove the North of Tyne local authority areas (Newcastle upon Tyne, North Tyneside and Northumberland);
 - b. create and give powers to a North of Tyne Mayoral Combined Authority;
 - c. create a Joint Transport Committee;
 - d. transfer transport related assets into the joint ownership of the two Combined Authorities;
 - e. make the Tyne and Wear Passenger Transport Executive (NEXUS) an executive body of each of the Combined Authorities and to amend legislation to extend its duties to both Combined Authorities;
 - f. make consequential amendments including amendments to the NECA Order and relevant legislation to give effect to the above.
- (ii) to agree to convene an extraordinary meeting of the Leadership Board for the purposes of deciding on the question of consent to a draft Order as soon as a further draft Order has been prepared addressing the points set out in this paper.

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- (iii) to instruct the Monitoring Officer to work with the Chief Legal Officers of the seven constituent authorities to develop a legally binding agreement reflecting the transport governance policy principles set out in the note at Appendix 1 and to consider the terms of a legally binding agreement at a future meeting.

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1. Background Information

- 1.1 The North of Tyne Authorities (Newcastle upon Tyne, North Tyneside and Northumberland) have agreed to a “minded to” Devolution Deal with Government. In order to implement this deal there is a requirement to establish a new North of Tyne Mayoral Combined Authority, which in itself requires these Councils to withdraw from the existing North East Combined Authority. These Authorities undertook a governance review in accordance with the Local Democracy, Economic Development and Construction Act 2009 and concluded that the creation of a new combined authority “would be likely to improve the exercise of statutory functions in relation to the area”. This conclusion related both to the area of the seven constituent authorities and the three that would form the new North of Tyne Mayoral Combined Authority.
- 1.2 A public consultation was undertaken between 14 December 2017 and 5 February 2018, which included public events across the NECA area. In total around 1,400 people or organisations took part in the consultation process and/or responded to four questions via a survey. A majority of respondents to each question agreed with the proposals to develop a North of Tyne Mayoral Combined Authority.
- 1.3 The North of Tyne Authorities’ Cabinets each approved the submission of a report to the Secretary of State seeking the making of an Order to implement a proposal by them (as detailed in a Scheme published and consulted upon) to create a Mayoral Combined Authority for the North of Tyne area, to amend the North East Combined Authority boundary to allow this to happen and to create joint arrangements for the governance of transport across the area of the seven local authorities.
- 1.4 The Ministry of Housing, Communities and Local Government (**‘MHCLG’**) are developing a draft Order and the first draft was circulated for comment on 6 March 2018. A meeting with Departmental officials has also taken place. In addition to minor drafting points the Department has asked for formal confirmation of a number of procedural changes to the draft Order and a letter will be agreed by Chief Executives and communicated to MHCLG as soon as possible to inform a further draft. The changes will:
- Propose that any Order commences on 1 July 2018 (or the beginning of the following financial quarter), to reflect the end of a financial quarter and to support smooth financial transition.
 - That the legal names of the 2 Combined Authorities will be made up of the constituent local authority areas namely (1) the Durham, Gateshead, South Tyneside and Sunderland Combined Authority; and (2) the

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Newcastle upon Tyne, North Tyneside and Northumberland Combined Authority.

- A provision should be included for the Transport Joint Committee to appoint a proper officer, who would be accountable to that Committee.
- The quorum for the Joint Transport Committee should be two members from each Combined Authority.
- To confirm which transport matters would require a unanimous decision to approve.

1.5 All engagement with MHCLG is conducted on the basis that they do not bind the Authority or its members, and the final decision about consent to the final draft Order absolutely remains with North East Combined Authority Leadership Board.

2. The draft order

2.1 The current draft Order comprises eight parts and four schedules addressing the following issues:

Part 1 (Articles 1 and 2)

2.1.1 Contains the short title of the Order (currently “the North of Tyne Combined Authority Order 2018”) and makes provision for the date that the Order will come into force. At the meeting on 9 March MHCLG indicated that the order can make provision for a specific commencement date to be identified which should provide greater certainty to all parties as to when the changes will take effect.

2.1.2 Part 1 also addresses various defined terms.

Part 2 (Articles 3 and 4)

2.1.3 Deals with the boundary changes to the North East Combined Authority. Article 3 removes Local Government areas of Newcastle upon Tyne, North Tyneside and Northumberland. It also makes various amendments to change the legal name of the Combined Authority from the “Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority”. MHCLG have confirmed that the legal name of the Combined Authority can be amended to simply exclude the names of the Newcastle upon Tyne, North Tyneside and Northumberland.

2.1.4 This Part also permits NECA to raise two different transport levies (in relation to the constituent authorities in Tyne and Wear and in relation to Durham County). There are similar powers later in the Order by which the North of Tyne Mayoral Combined Authority may raise different levies in relation to its area. This reflects the current arrangements within NECA where there are different levies for Durham, Northumberland and Tyne and Wear.

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Part 3 (Articles 5 to 8)

- 2.1.5 Establishes the North of Tyne Mayoral Combined Authority and makes provision for the first election of a Mayor on 2 May 2019. It also makes various provisions for the appointment of a political adviser to the Mayor.

Part 4 (Articles 9 to 14)

- 2.1.6 Makes provisions relating to transport. It provides the North of Tyne Mayoral Combined Authority with the same transport functions over its area as NECA currently has, in respect of its area. It transfers the transport assets which are currently owned by NECA (which essentially are the Tyne Tunnels and associated land) into the joint ownership of both Combined Authorities.
- 2.1.7 A Joint Transport Committee is established under Article 10 to discharge the transport functions of both Combined Authorities and to determine anything to be done in relation to property, rights and liabilities held in relation to transport. The Joint Committee also expressly sets the transport levies. In short, the Joint Committee is intended to replicate the existing approach to transport governance across the NECA area.
- 2.1.8 By Article 10 (2) the Joint Transport Committee may delegate those functions to an officer of either Combined Authority or sub-committee or to a constituent council for the area in relation to which the function is to be exercised. MHCLG have been asked to consider amending the draft Order to allow a subcommittee to include members of the constituent councils who are not members of the Combined Authorities, which reflects the current approach to wider participation from constituent authorities but without creating any obligation to adopt this approach.
- 2.1.9 In accordance with the transport policy note, MHCLG has been asked to provide for the Transport Joint Committee to appoint a proper officer to support its work. The mechanism will be addressed in more detail in the side agreement referred to below.
- 2.1.10 In accordance with Article 12 the Tyne and Wear Passenger Transport Executive (NEXUS) becomes an executive body of the North of Tyne Mayoral Combined Authority. NEXUS will also remain as an executive body of the North East Combined Authority. MHCLG have been asked to consider whether this point can be acknowledged explicitly in the order. It is noted that this is the effect of the modifications to the Transport Act 1968 made by the draft Order.
- 2.1.11 The Part goes on to make various amendments to the Transport Act 1968 and the Transport Act 2000 to give effect to the above changes, giving responsibilities

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to NEXUS for both Combined Authorities in relation to activities in each of their areas.

Parts 5 to 7 (Articles 15 to 23)

- 2.1.12 These parts deal with the functions which the North of Tyne Mayoral Combined Authority will have. These include:
- certain housing functions which the Combined Authority will be able to exercise concurrently with the constituent councils and with the Homes and Communities Agency;
 - the power to establish mayoral development corporations;
 - functions relating to education, skills and training and certain other functions in relation to economic development and visitor attractions which are exercisable concurrently with the constituent authorities.
- 2.1.13 The draft Order also makes incidental provisions in relation to the Local Government Pension Scheme and other regulations.
- 2.1.14 Article 22 (6) of the draft Order amends the Transport Levying Bodies Regulations 1992 and makes specific provisions in relation to levies issued by the North East Combined Authority and North of Tyne Mayoral Combined Authority. These provisions permit the application of different levies across Tyne and Wear, Durham and Northumberland and the mechanics for that process.

Part 8 (Articles 24 and 25)

- 2.1.15 Deals with the Mayoral functions and funding arrangements applicable to the North of Tyne Mayoral Combined Authority.

Schedule 1

- 2.1.16 Sets out the constitution for the North of Tyne Mayoral Combined Authority, including arrangements in relation to the interim Mayor and the eligibility for funding to that office.

Schedule 2

- 2.1.17 Addresses the constitution of the Joint Transport Committee. Article 1 of that Schedule addresses membership, confirming that the North of Tyne Mayoral Combined Authority may appoint three members (and three substitute members), one of the members being the Mayor, unless the Mayor agrees otherwise. The North East Mayoral Combined Authority may appoint four members (and four substitutes).
- 2.1.18 Article 2 makes procedural provisions. It currently proposes a quorum of one member per Combined Authority but MHCLG have indicated that this can be

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amended to provide a quorum of 2 members from each combined authority. There will be no casting vote and a tied vote results in the matter not being carried.

2.1.19 The draft Order also sets out those matters which require a unanimous vote in favour by all seven constituent authority members. These are currently described as follows:

- a) the adoption of any transport plan under section 108(3) of the Transport Act 2000 and the alteration or replacement of that plan under section 109(1) and (2) of that Act;
- b) approval of, or any amendment to, or withdrawal of, spending plans related to the functions conferred on the Joint Transport Committee under article 10(1);
- c) setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder;
- d) allocation of local transport plan funding to the individual constituent councils and the Tyne and Wear Passenger Transport Executive;
- e) approval of all capital and revenue matters relating to the transport budget; and
- f) the delegation of the functions referred to in Article 10(2) (being the Joint Transport Committee's authority to discharge its functions through a constituent council, an officer of either Combined Authority or a sub-committee of members or substitute members of either Combined Authority).

2.1.20 Discussions are on-going with MHCLG to ensure that these matters are consistent with the transport matters which require unanimity within the existing NECA arrangements and reflect the requirements of the Combined Authorities.

2.1.21 Article 3 of the Schedule provides for a Joint Overview and Scrutiny Committee of the Joint Transport Committee. MHCLG have been invited to consider these arrangements and, those for audit committee, arrangements in relation to transport and arrangements for the Transport Joint Committee to adopt its own procedural rules.

Schedule 3

2.1.22 Modifies the Housing and Regeneration Act 2008 to empower the North of Tyne Mayoral Combined Authority in place of the Home and Communities Agency in relation to powers falling within Chapters 1 and 2 of Part 1 of that Act, including for example the rights of compulsory purchase.

Schedule 4

2.1.23 Modifies part 8 of the Localism Act 2011 to give certain mayoral development corporation powers to the Mayor and the North of Tyne Mayoral Combined Authority in relation to their area.

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3. Procedural Considerations – side agreement

3.1 The seven constituent authorities have prepared a joint policy note regarding these working arrangements in relation to transport (**Appendix 1**) and a legally binding agreement will be developed reflecting the principles in this policy note. In particular, this side agreement will:

- acknowledge the principle of strengthened arrangements between the seven local authorities as set out in the policy note;
- establish the arrangements for the Transport Joint Committee in respect of remit, composition, quorum, decision-making, ability to delegate functions and establish subcommittees, audit and scrutiny; and
- make provisions about accountable body responsibilities.

4. Reasons for the Proposals

4.1 The consent of the North East Combined Authority is a statutory obligation contained in Section 106(3A)(b) of the Local Democracy, Economic Development and Construction Act 2009.

4.2 This condition must be satisfied before the Secretary of State may make an order under Section 106.

5. Alternative Options Available

5.1 Consent to the making of an order addressing the points set out in this paper or indicate an intention to consent in principle.

5.2 Not to consent to the making of any order or indicating an intention not to consent.

5.3 Identify further amendments or conditions for the making of any draft Order.

5.4 Agree to convene an extraordinary meeting to consider the question of consent in due course.

6. Next Steps and Timetable for Implementation

6.1 It is anticipated that an extraordinary meeting of the Leadership Board will be called. The date of this meeting will be determined by Members' availability and the availability of a further developed draft Order from MHCLG. The usual

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procedure will require the item to be considered to be placed on the Forward Plan 28 days before the meeting; however, in cases of urgency this process may be shortened.

6.2 If the decision is not to consent, the conditions required by Section 106 of the 2009 Act have not been met and the Secretary of State cannot proceed to make the Order.

6.3 If the decision is to grant consent, the Secretary of State will review all the relevant material to determine if an Order should be made.

7. Potential Impact on Objectives

7.1 The functional operations in relation to the North East Local Enterprise Partnership (for which NECA is the accountable body) and transport should continue with little disruption. The new transport governance arrangements are designed to replicate the existing transport arrangements and the proposal to work to a specified commencement date should provide the opportunity for the management of any operational changes as a result of the new governance arrangements.

7.2 There will be human resources and other legal and operational implications if assets and functions are moved between the Combined Authorities but these can be addressed by officers in accordance with usual practices.

7.3 NECA is party to an accountable body with the North East Local Enterprise Partnership and any changes to current arrangements must have regard to the obligations of that agreement.

8. Financial and Other Resources Implications

8.1 It is anticipated that the 'minded to' Devolution Deal would, when implemented, bring significant additional funding to the North of Tyne Mayoral Combined Authority. Assurances were sought from Government that this would not be at the detriment of NECA or its constituent authorities and the letter attached at Appendix 2 providing assurances in relation to detriment was received from MHCLG.

8.2 The current arrangements for the Transport Levies are proposed to continue, with three separate levies, and the levy for transport costs in Tyne and Wear continuing to be based on a population share. There is therefore no proposed change in the arrangements for the largest funding source for Transport, and the transport levies currently make up over 99% of the NECA revenue budget.

8.3 The constituent authorities will need to make arrangements for the funding of the operations carried out on behalf of the seven authorities by the two

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Combined Authorities and the other functions these combined authorities are required to discharge. These costs are relatively small. Currently, they are a £300,000 Corporate Contribution to NECA, a £250,000 contribution made towards LEP Core Costs and a £140,000 contribution being made towards the cost of the inward investment function, all being made equally by all seven councils. Corporate contributions to the LEP and to fund the accountable body responsibilities for the LEP and for the Transport function will continue to be required from all seven authorities, whichever authority is accountable for them. The impact on the residual cost of NECA is expected to be minor and will not be known until operational decisions are taken later in the year in respect of accountable body functions and the future arrangements for the administration of NECA are determined. The working assumption is that detriment will be avoided or minimised by continuing current arrangements where it is possible to do so.

8.4 The NECA Constitution will be substantially obsolete at the point the Order is made and will need to be rewritten. Similarly, it is anticipated that standing orders will need to be developed for the Joint Transport governance arrangements. The amendment to the Constitution and the side agreement gives the opportunity to ensure that the decision making process and voting arrangements for securing the unanimous decisions of the Joint Transport Committee and NECA are clearly set out to ensure that the decisions are taken effectively.

8.5 There may be some actions relating to the transfer of assets and staff between the two Combined Authorities. It will be important for the North East LEP to maintain the current link with the Transport pension arrangements, which brings a significant savings to the North East LEP Budget.

9. Legal Implications

9.1 The giving of consent is likely to result in an Order being made to amend the NECA boundary to remove the Local Authority areas of Newcastle upon Tyne, North Tyneside and Northumberland from the area of the North East Combined Authority and the other changes discussed in this paper.

9.2 The Monitoring Officer, working with the Chief Legal Officers of each Constituent Authority, has obtained Leading Counsel's opinion on various matters relating to the decision members are being invited to make. A copy of that opinion has been distributed to each Authority. Consistent with that opinion the Monitoring Officer advises members that:

- The decision must be made by the Leadership Board at a properly constituted meeting in accordance with the NECA Constitution;
- The decision is one which falls to be made by simple majority; and

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- Decision makers must make a decision based only upon their Authority's genuine and reasonably held opinion.

9.3 The Chief Legal Officers of each of the seven local authorities have indicated that an extraordinary meeting may be held when a final draft Order and draft side agreement are available for decision. It is recognised that the meeting may need to be held during the Local Government Pre-election Period and seven Chief Legal Officers have indicated that restrictions applicable during the pre-election period should not prevent the consent decision being made.

10. Key Risks

10.1 Maintaining operational performance and outcomes for the benefit of the area covered by the seven local authorities throughout any transition process.

11. Equality and Diversity

11.1 None

12. Crime and Disorder

12.1 None

13. Consultation/Engagement

13.1 The draft Order has been discussed with Chief Legal Officers and the matter of devolution and the proposed amendments of the NECA boundary have been discussed with Leaders and at the Leadership Board, as well as at various committees of NECA for a number of months.

14. Other Impact of the Proposals

14.1 None

15. Appendices

15.1 Appendix 1 – agreed transport governance policy note
Appendix 2 – letter from Simon Ridley, dated 15 January 2018

16. Background Papers

16.1 None

17. Contact Officers

17.1 Peter Judge, Monitoring Officer, peter.judge@northeastca.gov.uk, 0191 338 7455

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18. Sign off

- Head of Paid Service: ✓
- Monitoring Officer: ✓
- Chief Finance Officer: ✓

19. Glossary

2009 Act – Local Democracy, Economic Development and Construction Act.

LA7 or seven Constituent Authorities - the Authorities for the Local Government areas of Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland.

Leading Counsel, Jonathan Moffatt QC, 11 Kings Bench Walk, London

NECA Order – the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Order 2014 (SI 2014 No. 1012)

NECA Deed of Operation – Deed of Operation dated 15 June 2015

North of Tyne Authorities – The Authorities for the Local Government areas of Newcastle upon Tyne, North Tyneside and Northumberland.

NTCMA/NECA Order – Transport Functions

Policy Note

Introduction

Following the announcement of the ‘minded to agree’ devolution deal for the North of Tyne area in the Autumn Budget, the seven North East Local Authorities and the North East LEP have been considering the detail of the joint transport arrangements and the necessary framework to ensure continued partnership working in the region.

This policy note sets out the thinking regarding the North East Transport Joint Committee (NETJC) arrangements.

Statement of overall purpose and outcome

The seven local authorities have produced a framework for collaborative working moving forward. This begins with an overall commitment that the two Combined Authorities (CAs) will work together constructively; will continue partnership arrangements at relevant geographies; and will unequivocally support the North East LEP and the SEP.

Specifically in regards to transport there is agreement that

- Governance arrangements in regards to transport to be based on those already in place
- A strengthened executive (officer) function for transport will reflect the strategic importance of transport to the North East and support the transparent decision making for the NETJC.
- There is a clear distinction between the role of the NETJC and that of the individual Local Highways Authorities.
- LTP Funding and Highways Maintenance funding to continue to be directed to each of the Local Authorities

Transport Framework

Through the Order, the two CAs will be statutorily joined by the NETJC, which will be the construct through which the two CAs will exercise their transport functions. The TJC will be able to delegate authority to:

- NETJC Tyne and Wear Sub-committee
- The Counties of Durham and Northumberland

North East Transport Joint Committee (NETJC) - The Order will create a **NETJC** with a power to create subcommittees and the power to delegate to those subcommittees, officers or other Authorities as it considers appropriate for the effective discharge of the current NECA transport functions and responsibilities. The NETJC will be made up of 7 (4 NECA leaders; 3 NTCMA representatives). The NETJC will discharge the current NECA leadership Board transport functions (including settling levies (x3), tolls, budget, strategy and policies).

NETJC (Tyne and Wear) Sub-committee. Will discharge the current ITA functions (transferred to NECA under section 6(2)A of the NECA Order) and the other roles of the current Tyne and Wear sub-committee.

Durham and Northumberland: Operational transport functions will be delegated to Durham County Council and Northumberland County Council in relation to their respective areas (as currently exists within NECA)).

Scrutiny and Audit: As per the draft scheme joint arrangements between NECA and NTMCA will be established to provide for the scrutiny and audit of the responsibilities of the NETJC. The joint arrangements will provide for an Overview and Scrutiny Committee and an Audit Committee comprising Elected Members from the constituent authorities of both NECA and NTMCA.

Executive Function: The NETJC will be supported by an officer core which will be directed by and accountable to the committee. There is a general agreement that the staffing arrangements (relating to Transport Strategy and Policy) should be strengthened in due course to create more capacity and expertise. The NETJC will consider the most appropriate staffing arrangements once the committee is established.

Accountable body: One of the CAs will be the Accountable Body for the NETJC and this decision will be made by the NETJC once established.

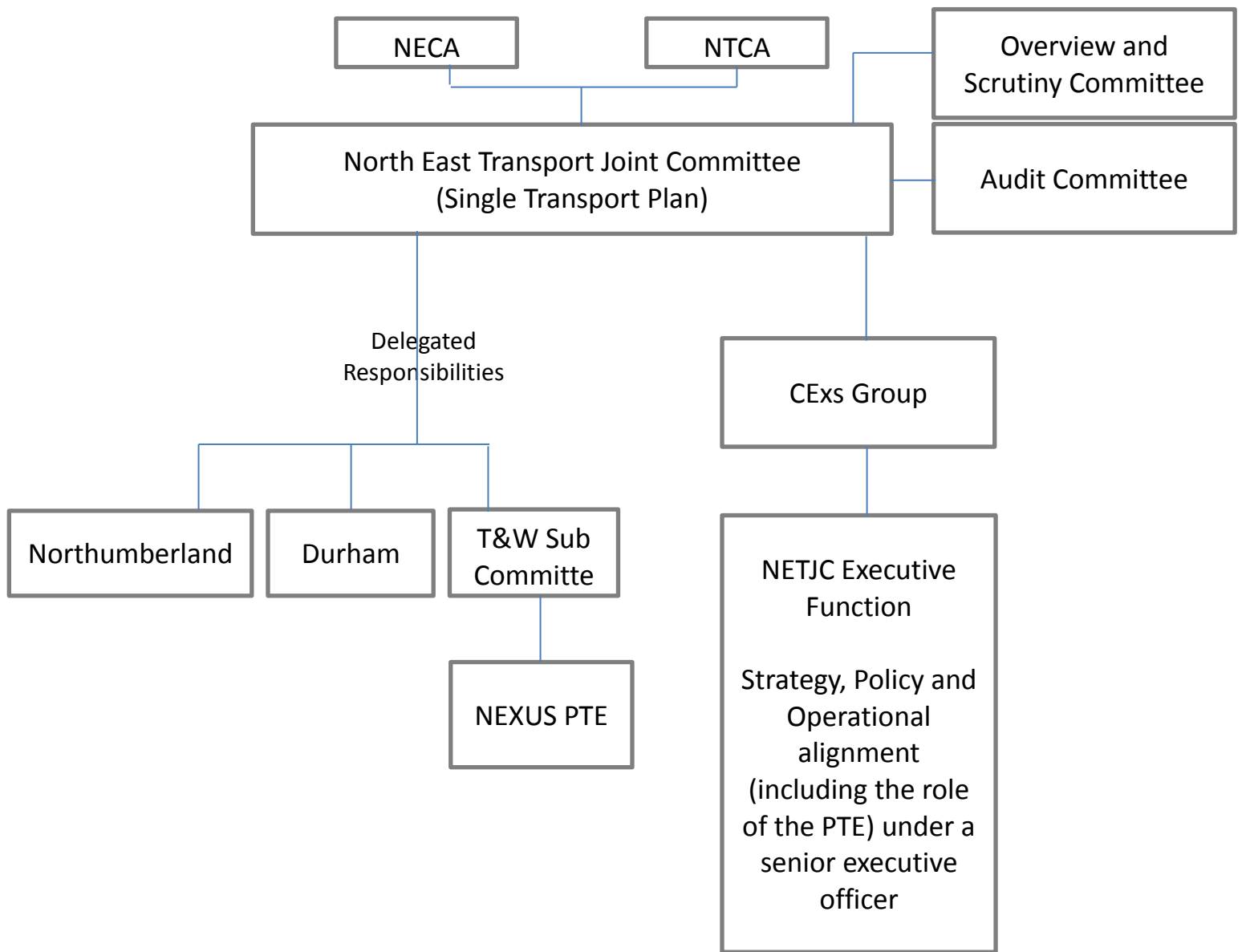
Funding:

- **LTP Integrated Transport Block Funding.** The NETJC will continue (as currently in NECA) to passport the LTP Integrated Transport Block funding to local authorities. This funding will be the amount specified for Durham, Northumberland and Tyne & Wear by the DfT minus any agreed top slice to fund the regional transport team. The NETJC may only change these arrangements with the express agreement of the constituent authority(s) where the change is proposed (Durham in Durham, Northumberland in Northumberland and all 5 Local Authorities in Tyne and Wear).
- **Highways Maintenance Block Funding** - note this is currently paid direct to individual local authorities. Subject to the national funding and distribution arrangements remaining as at present, the Maintenance Block Funding will continue to be paid directly to individual local authorities in the North East.

Drafting Consequences

The order will need to:

- Acknowledge the principle of strengthened arrangements between the seven local authorities
- Establish the arrangements for the NETJC on the basis set out in the scheme in respect of remit, composition, quorum, decision-making, ability to delegate functions and establish subcommittees, audit and scrutiny.



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Date: 15 January 2018

Dear Patrick,

Thank you for inviting me to your meeting on Thursday 11 January with your fellow chief executives. During the meeting, which I and the team found incredibly helpful, I undertook to write to you setting out the key points that I had made.

First, as I explained, a central aim of the Government is to promote economic growth and local leadership across England, building on local strengths and transforming connectivity, skills and productivity. To do this the Government has a range of policies and programmes, including the Industrial Strategy, the Northern Powerhouse Strategy, devolution deals, housing deals and city deals. These interconnected strategies cover the whole of the North East and Tees Valley, in different ways depending on local decisions made to date. All this has led to investments across the whole area such as the Round 3 Local Growth Awards to Sunderland and South Tyneside for the International Advanced Manufacturing Park, the announcement of £337 million direct grant to renew the Tyne and Wear Metro fleet, and the Great Exhibition of the North.

The North of Tyne deal is a further component within this wider strategy, the economic and social benefits of which will be felt in the North of Tyne area and more widely including across the area of the North East LEP and beyond. The powers conferred by the devolution deal will allow decisions to be made locally by the new combined authority that will be well placed to understand the needs of the whole region, facilitating that future joint action that authorities north and south of the Tyne are likely to be pursuing to create greater prosperity across the North East. There is a long history of such collaboration among your authorities, and there is nothing in this devolution of powers that reduces the role or influence of local leadership in other authorities compared to the current, non-devolved position.

Turning to the matters that we discussed in the meeting, the Government's position is that the devolution deal, which it is minded to agree with the three North of Tyne councils, will strengthen the wider North East economy including in the South of Tyne area; no detriment is envisaged for South of the Tyne. This is because, as I set out above, whilst different parts of the region have chosen different mechanisms for growth and investment, each part is inherently inter-connected and has a shared sense of being part of the North East.

Investment and delivery of the priorities identified in the North East Strategic Economic Plan, the Northern Powerhouse Strategy and the Industrial Strategy will have a positive impact on the whole of the wider region, regardless of which body determines how the money is spent, and which powers are used.

The minded to deal includes new funding streams – most notably £20 million a year revenue funding allocation over 30 years to be invested to drive growth – and also new powers for the new Mayoral Combined Authority. However, this investment fund does not mean any reduction of other funding streams for local government. This is additional funding for the North East and has not been top-sliced from money available to other non-mayoral areas. As you will appreciate, when it comes to future funding streams I am not able to offer any guarantees, as matters regarding future funding streams will be determined through future spending rounds.

What I am able to say in terms of future funding streams is that it may be that the mayoral combined authority is eligible for funding streams that the NECA, as a non-mayoral combined authority, is not eligible for. However, this is not a change from the current position, and again, if investments are made consistent with the priorities in the North East Strategic Economic Plan, then this will have a positive impact on the wider region. Specifically with reference to the Adult Education Budget, DfE are committed to ensure that the devolution of this funding to the mayoral combined authorities will occur in a fashion which ensures that learners and providers in neighbouring areas do not lose out, and funding allocations remain fair across the country. Finally, with reference to highways funding, no transport matters have been included within this minded to deal, and the status quo remains, albeit with a refreshed governance structure that should provide a stable platform for future investments, such as the recent commitments on the Metro.

As Paul Rowsell and I made clear in the meeting, we stand ready to support you and your fellow chief executives through this process, and thank you for your professionalism and approach.

I am copying this letter to Pat Richie, Daljit Lally, Terry Collins, Irene Lucas, Martin Swales, Sheena Ramsey, Helen Golightly and to Kate Atkinson at HM Treasury.

Yours sincerely,



SIMON RIDLEY

Director General, Decentralisation and Growth, Ministry of Housing, Communities and Local Government

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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