

North Tyneside Council Report to Elected Mayor Date: 5 January 2022

Title: North of Tyne Combined Authority – Borrowing Powers

Portfolio(s): Elected Mayor	Cabinet Member(s): Norma Redfearn, Elected Mayor	
Report from Service Area:	Resources	
Responsible Officer:	Janice Gillespie, Director of Resources	Tel 0191 643 5701
Wards affected:	All	

PART 1

1.1 Executive Summary:

This report seeks consent on behalf of the Authority to the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority (known as the North of Tyne Combined Authority (NTCA)) being given statutory borrowing powers in relation to its non-transport related functions.

The consent of the Authority along with that of Newcastle City Council, Northumberland County Council and NOTCA is necessary before the Regulations giving NTCA borrowing powers can be laid before Parliament in January 2022.

NTCA's Cabinet met on 30 November 2021 when it consented on behalf of that Authority to the making of the Regulations.

1.2 Recommendation(s):

It is recommended that the Elected Mayor:

1. Consent on behalf of the Authority to the making of the necessary Regulations by the Secretary of State under the Local Government Act 2003 giving the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority power to borrow money in relation to its non-transport related functions.
2. Authorise the Chief Executive in consultation with the Elected Mayor, Director of Resources and the Director of Law and Governance to take all necessary steps to give effect to the recommendation in (1) above.

1.3 Forward Plan:

Twenty-eight day's notice of this report has not been given due to the fact that it only became known to the Authority that its consent to the making of Regulations giving NTCA borrowing powers would be required before January 2022.

1.4 Council Plan and Policy Framework

This item relates specifically to the following theme and priorities of the Our North Tyneside Plan 2021-2025:

A thriving North Tyneside

We will regenerate the high streets of North Shields and Wallsend, and in addition to the Master Plan for North Shields, we will bring forward Master Plans for Wallsend and Whitley Bay town centre areas. We will also bring investment and improvements to the North West area of the borough and ensure that regeneration delivers ambition, opportunity and benefits for all of our residents;

We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the borough;

We will invest in adult education and to support apprenticeships to make sure people have the right skills for the job

1.5 Information:

1.5.1 Background

1.5.2 In its Autumn Statement in 2016, the government announced that it would give Mayoral Combined Authorities powers to borrow for their new non-transport related functions, allowing them to invest in economically productive infrastructure, subject to agreement of a borrowing cap (or debt cap) with HM Treasury. This would be in addition to the borrowing powers that all combined authorities have in relation to their transport functions. However, as NTCA did not legally exist when the necessary statutory instrument was made in early 2018 giving borrowing powers to combined authorities in relation to non-transport functions, it was not possible for NTCA to be included in the legislation at that time and so NTCA has not benefitted from these wider statutory borrowing powers to date.

1.5.3 Since its establishment, discussions between NTCA's representative and HM Treasury have been ongoing about it acquiring wider borrowing powers. HM Treasury have indicated its willingness to include NTCA in a new set of Regulations which will apply to a number of Mayoral Combined Authorities who were not included in the previous Regulations made in 2018. In order for this to happen, the Authority must consent to the making of those Regulations and agree a debt cap for the 2021/22 financial year. As NTCA does not need to undertake any borrowing in the current financial year, NTCA proposes to agree a debt cap of £0 for the current year. By consenting to the making of the Regulations, NTCA will be included in the Regulations which are expected to be laid before Parliament in January 2022.

1.5.4 If NTCA is given borrowing powers for non-transport related matters, it will mean that NTCA will have borrowing powers in future years that will provide it with more flexibility in its approach to use of the Investment Fund and the delivery of its priorities, which will benefit the combined authority area, including North Tyneside.

1.6 Decision options:

The following decision options are available for consideration by the Elected Mayor:

Option 1

To accept the recommendations set out in paragraph 1.2 of the report

Option 2

Not to accept the recommendations set out in paragraph 1.2 of the report

The Elected Mayor is recommended to agree Option 1.

1.7 Reasons for recommended option:

By NTCA securing borrowing powers it will enable it to properly discharge its functions and assist in delivering its policies, and priorities including those which have a direct and indirect benefit to North Tyneside as part of the NTCA area.

1.8 Appendices:

None.

1.9 Contact officers:

Janice Gillespie – Director of Resources - Tel 0191 643 5701

1.10 Background information:

The following background papers have been used in the compilation of this report:

1. The NTCA Cabinet Report for 30 November 2021
2. The Local Government Act 2003

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications arising from the outcomes of this report.

Should NTCA secure prudential borrowing powers those powers will be used in accordance with the requirements of CIPFA's Prudential Code for Capital Finance in Local Authorities.

2.2 Legal

The Local Government Act 2003 enables the Secretary of State to make Regulations conferring the power to borrow on those Combined Authorities referred to in the Regulations.

The Secretary of State cannot lay before Parliament the Regulations unless he is satisfied that the Combined Authority seeking the borrowing powers (NTCA) and its Constituent Authorities, Newcastle City Council, North Tyneside Council and Northumberland County Council have consented to the making of the Regulations.

The consent to the making of the Regulations is an executive function.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor and Deputy Mayor as well as Senior Managers or the Senior Management Team have been consulted in relation to this matter.

2.3.2 External Consultation/Engagement

The creation of the NTCA has been subject to significant regional and national engagement. Consultation with the Business Community and the Community and Voluntary Sector is undertaken as part of the overall approach to engagement undertaken with these sectors and NTCA will include any future consideration of prudential borrowing as appropriate. The Ambassador for Business and the Ambassador for the Community and Voluntary sector attends NTCA Cabinet meetings.

2.4 Human rights

There are no human rights implications arising directly from this report.

2.5 Equalities and diversity

There are no new equality and diversity implications arising directly from this report.

2.6 Risk management

There are no specific risks relating to this report but should consent to the making of the Regulations not be given by the Constituent Authorities of NTCA the Regulations giving borrowing powers to NTCA could not be laid before Parliament.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising from this report.