

North Tyneside Council

Report to Cabinet

Date: 24 June 2024

Title: North East Mayoral Combined Authority – Borrowing Powers

Portfolio(s):

Devolution and the Development of the
Mayoral Combined Authority

Cabinet Member:

Dame Norma Redfearn DBE

Responsible Officer:

Paul Hanson, Chief Executive Tel: (0191) 643 7001

Wards affected:

All

PART 1

1.1 Executive Summary:

This report seeks consent to the making of Regulations by central government to provide the new Mayoral Combined Authority, (“NECA”), with borrowing powers in line with the Devolution Deal and Scheme, the latter of which was subject to public consultation.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Agree in principle that the Authority should consent to the making of the Regulations; and
- (2) Authorise the Chief Executive in consultation with the Elected Mayor and Head of Law to issue the Authority’s formal consent to the making of the Regulations to the Secretary of State when requested.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 10 May 2024.

1.4 Council Plan and Policy Framework

This report relates to the following priority(ies) in the 2021/25 Our North Tyneside Plan:

All aspects of the 2021/25 'Our North Tyneside' Council Plan and in particular a 'Thriving North Tyneside', a 'Secure North Tyneside', and a 'Green North Tyneside' are engaged by this report.

The provision of borrowing powers to NECA will support the Authority to deliver across its key priorities set out in the Council Plan.

1.5 Information:

1.5.1 Background

1.5.2 In December 2022 HM Government announced a minded to Devolution Deal with the seven local authorities across the North East. To implement the Deal, the local authorities needed to establish a new Mayoral Combined Authority for the region.

1.5.3 Following the making of the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 (referred to below as "the 2024 Order") and the election of the Mayor, the new Combined Authority – NECA – came into existence on 7 May 2024.

1.5.4 As part of the Devolution Deal, it was envisaged that NECA would have borrowing powers to support its functions. This was set out in the Scheme which was published by the seven local authorities for consultation as part of the process of making the 2024 Order. Borrowing powers for NECA's transport functions were included in the 2024 Order. However, central government's legislative procedures mean that the borrowing powers for other functions must be conferred on NECA by a separate statutory instrument (referred to in this report as "the Regulations"). NECA and its seven constituent local authorities must each provide their consent before the Regulations can be made. It is therefore recommended that the Chief Executive, in consultation

with the Elected Mayor and Head of Law, is authorised to give formal consent to the making of the Regulations when requested by central government.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree the recommendations in paragraph 1.2 of this report.

Option 2

Not to agree to the recommendations in paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

As set out above, the Devolution Deal and the Scheme which was published for consultation envisaged that NECA would have the proposed borrowing powers. Securing borrowing powers will help NECA to properly discharge its functions and assist in delivering its vision, policies, and priorities.

1.8 Appendices:

None.

1.9 Contact officers:

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John Barton, Manager, Regulator Team, Legal Services Tel. (0191) 643 5354

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) North East Devolution Deal
https://assets.publishing.service.gov.uk/media/641984118fa8f547cde3e5fa/North_East_Devolution_deal.pdf
- (2) The Scheme Setting Out the Proposals for the Creation of a New Mayoral Combined Authority
<https://my.northtyneside.gov.uk/sites/default/files/consultation/related-documents/North%20East%20Devolution%20Scheme.pdf>
- (3) The Local Government Act 2003
<https://www.legislation.gov.uk/ukpga/2003/26/section/23>

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. In exercising its borrowing powers, NECA will comply with the Prudential Code which applies to local authorities and will also be subject to a borrowing cap agreed with HM Treasury.

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 such Regulations in relation to the discharge of non-transport related functions. Legislation is already in place that permits Combined Authorities to borrow money in relation to transport-related functions.

The Secretary of State cannot lay before Parliament the Regulations unless he is satisfied that the Combined Authority, as the Authority seeking the borrowing powers and its constituent local authorities, have all consented to the making of the Regulations.

The Regulations will be made under sections 23(5) and 123(1) of the Local Government Act 2003 provided the consents referred to in the report are forthcoming under section 23(6) of the Local Government Act 2003.

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, Deputy Mayor and Cabinet as well as Senior Managers have been consulted in relation to this matter.

2.3.2 External Consultation/Engagement

The creation of the Combined Authority was the subject of a significant regional and national engagement programme, including consultation on the Scheme that set out the powers that the Combined Authority would have, including borrowing powers.

2.4 Human rights

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

2.5 Equalities and diversity

In developing the proposals for the new Combined Authority, the constituent local authorities had regard to their obligations under section 149 of the Equality Act 2010 (i.e. the public sector equality duty). As set out above, these proposals envisaged that the new Combined Authority would have borrowing powers.

2.6 Risk management

If the consent of NECA and/or its constituent local authorities is not provided, this will prevent the Regulations from being made and NECA will not have the benefit of the borrowing powers.

2.7 Crime and disorder

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

2.8 Environment and sustainability

The green agenda is a critical element of the Devolution Deal and therefore the provision of borrowing powers to NECA would help to deliver those initiatives identified in the deal.

PART 3 – SIGN OFF

- Chief Executive

X

- Director(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Assistant Chief Executive