

***Confidential by virtue of section 100A(2) of the Local Government Act 1972**

**North Tyneside Council
Report to Chief Executive
Date: 13 November 2024**

Title: North East Mayoral Combined Authority – Borrowing Powers

Portfolio(s):	Devolution and the Development of the Mayoral Combined Authority	Cabinet Member(s):	Dame Norma Redfearn DBE
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Report from Service

Area:	Resources – Legal Services	
Responsible Officer:	Jon Ritchie – Director of Resources – Legal Services	Tel: 07581 045 261
Wards affected:	All	

PART 1

1.1 Executive Summary:

This report seeks consent from the Chief Executive, on behalf of the Authority, to the making of the draft Combined Authorities (Borrowing) and East Midlands Combined County Authority (Borrowing and Functions) (Amendment) Regulations 2025* which are appended to this report. The Regulations once made will provide the North East Mayoral Combined Authority, (“NECA”), with borrowing powers in line with the North East Devolution Deal and Scheme.

Cabinet at its meeting on 24 June 2024 gave specific authorisation to the Chief Executive to issue the Authority’s consent to the making of the Regulations referred to above, in consultation with the Elected Mayor and Head of Law, when such consent is formally requested by the Secretary of State for Housing, Communities and Local Government. The Secretary of State

on 8 November 2024 requested the Authority's consent to the making of the Regulations.

1.2 Recommendation(s):

It is recommended that the Chief Executive:

- (1) Following his consultation with the Elected Mayor and Head of Law issue the Authority's formal consent to the Secretary of State for Housing, Communities and Local Government to the making of the draft Combined Authorities (Borrowing) and East Midlands Combined County Authority (Borrowing and Functions)(Amendment) Regulations 2025* appended to this report that will give the North East Mayoral Combined Authority borrowing powers in relation to its non-transport related functions.

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 23 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 NECA was established on 7 May 2024 when the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 came fully into force on that date.

- 1.5.3 The Order reflected the agreement reached between central government and the seven North East local authority leaders and Elected Mayor which was announced in December 2022.
- 1.5.4 As part of the legislative process that had to be followed to enable the 2024 Order to be made, a Scheme had to be produced and published by the constituent councils of the new Mayoral Combined Authority and publicly consulted on across the combined area. The Scheme reflected what was included in the Devolution Deal, including the intention for NECA to have borrowing powers to support the discharge of its non-transport related functions.
- 1.5.5 Borrowing powers for NECA's transport functions were included in the 2024 Order. However, central government's legislative procedures meant that borrowing powers for non-transport related functions were not included in the 2024 Order. This means that NECA currently does not have borrowing powers in relation to its non-transport related matters unlike the Mayoral Combined Authorities established before 2024 in other parts of the country. For borrowing powers to be given to NECA, separate Regulations need to be made by the Secretary of State.
- 1.5.6 The Regulations can only be made with the consent of NECA, as the Authority seeking the borrowing powers, and each of its constituent councils, which of course includes the Authority.
- 1.5.7 NECA's Cabinet on 11 June 2024 gave its consent to the making of the Regulations.
- 1.5.8 Cabinet at its meeting on 24 June 2024 agreed in principle to the making of the Regulations and authorised 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 when this was requested by the Secretary of State for Housing, Communities and Local Government.
- 1.5.9 The Regulations have now been drafted and the Secretary of State has consequently requested the Authority's formal consent to the making of the Regulations. Similar requests have been made by the Secretary of State to NECA and its constituent councils.
- 1.5.10 As the Regulations give NECA non-transport related borrowing powers which, as stated, was envisaged in the North East Devolution Deal, and given the fact that Cabinet has agreed in principle to the making of the Regulations, it is

appropriate for the Chief Executive, on behalf of the Authority, to formally issue its formal consent to the making of the Regulations.

The Elected Mayor and the Head of Law are aware of the draft Regulations.

1.6 Decision options:

The following decision options are available for consideration by the Chief Executive:

Option 1

Agree to the recommendation set out in paragraph 1.2 of the report.

Option 2

Not agree to the recommendation set out in paragraph 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The Regulations give NECA non-transport related borrowing powers which was specifically included in the North East Devolution Deal and Scheme. Given that NECA has consented to the making of the Regulations and that Cabinet agreed in principle to the making of the Regulations on 24 June 2024, it is appropriate for the Chief Executive to exercise the authority given to him by Cabinet and formally issue its consent to the making of the Regulations.

Without such consent being given, the Regulations cannot be made which will mean that NECA will not have borrowing powers for non-transport related matters.

1.8 Appendices:

Draft Combined Authorities (Borrowing) and East Midlands Combined County Authority (Borrowing and Functions)(Amendment) Regulations 2025*.

1.9 Contact officers:

John Barton, Legal Manager Regulatory Team and Deputy Monitoring Officer,
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) The Cabinet Report – 24 June 2024

[North East Mayoral Combined Authority Borrowing Powers Report - Cabinet 24 June 2024](#)

(2) The Minutes of the Cabinet Meeting – 24 June 2024

[Cabinet Minutes 24 June 2024](#)

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 Regulations can be made by the Secretary of State under sections 23(5) and 123(1) of the Local Government Act 2003 provided the consents of NECA and each of its constituent councils are forthcoming.

The Chief Executive was given specific authorisation by Cabinet on 24 June 2024 to issue the Authority's consent to the making of the Regulations following appropriate consultation as set out in this report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Elected Mayor, and Head of Law have been consulted in accordance with the authority given to the Chief Executive by Cabinet on 24 June 2024.

2.3.2 External Consultation/Engagement

No external consultation has been required before this decision can be taken.

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

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

2.6 Risk management

If the consent of the Authority is not given, the Regulations cannot be made and NECA will not have borrowing powers for non-transport related matters. That will place NECA at a disadvantage because Mayoral Combined Authorities in other regions of the country already have such powers, and will hinder NECA being able to achieve its objectives and priorities for the North East region, including the Borough.

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

- Chief Executive X
- Director(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Interim Director of
Corporate Strategy and
Customer Services X