



Subject: NTCA Borrowing Powers and Debt Cap Agreement 2021-2022

Report of: Chief Finance Officer, Janice Gillespie

Portfolio: Investment and Resources

Report Summary

This report seeks Cabinet approval to the necessary steps for NTCA to acquire statutory borrowing powers for non-transport related functions. This will entail the Authority agreeing a “debt cap” with HM Treasury and providing its consent to the making of the necessary regulations by central government.

Recommendations

The Cabinet is recommended to:

1. authorise the completion of an agreement with central government as to the maximum borrowing permitted (debt cap) for 2021/22 of nil;
2. consent to the making of the necessary regulations by central government; and
3. authorise the Managing Director, Chief Finance Officer and Monitoring Officer, in consultation with the Mayor, to take all necessary steps to give effect to the recommendations above.

1. Background Information, Proposals and Timetable for Implementation

- 1.1 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. (NB: all combined authorities have borrowing powers in relation to their transport functions.) However, as NTCA did not legally exist when the necessary statutory instrument was made in early 2018, 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.
- 1.2 Since its establishment, discussions between NTCA’s representative and HM Treasury have been ongoing about it acquiring these wider borrowing powers. HM Treasury have indicated their 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. In order for this to happen, NTCA 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, it is proposed to agree a debt cap of £0 for the current year. By agreeing the cap for the current year and consenting to the making of the regulations, this will allow NTCA to be included in the regulations which are expected to be laid in January 2022. This will mean that NTCA will have these borrowing powers in future years which will provide the authority with more flexibility in its approach to use of the Investment Fund and the delivery of the Mayor and Cabinet’s priorities. The debt cap for each year will be agreed with HM Treasury on an annual basis.

2 Potential Impact on Objectives

- 2.1 The North of Tyne Combined Authority Corporate Plan sets out the strategic objectives of the Authority. Securing borrowing powers will further enable the Authority to properly discharge its functions and assist in delivering the Authority’s vision, policies, and priorities.

3 Key Risks

3.1 There are no specific risks relating to this report.

4 Financial and Other Resources Implications

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

5 Legal Implications

5.1 The comments of the Monitoring Officer have been included in this report.

5.2 The constituent authorities of NTCA are also required to consent to the making of the regulations which will provide NTCA with borrowing powers.

6 Equalities Implications

6.2 There are no direct equalities implications arising from the recommendations in this report.

7 Inclusive Economy Implications

7.1 There are no direct inclusive economy implications arising from the recommendations in this report.

8 Climate Change Implications

8.1 There are no direct climate changed implications arising from the recommendations in this report.

9 Consultation and Engagement

9.1 The creation of the North of Tyne Combined Authority has been subject to significant regional and national engagement. The Authority's budgets are based on the devolution deal and the statutory order which created the Authority and the Authority's Vision which has been detailed in the Corporate Plan which has been agreed by Cabinet and is being shared with stakeholders in a range of events.

9.2 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 will include any future consideration of prudential borrowing as appropriate for the authority. In addition, the attendance at Cabinet of both the Ambassador for business and the Ambassador for the Community and Voluntary sector will add to the opportunity for engagement.

10 Appendices

None

11 Background Papers

None

12 Contact Officers

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13 Glossary

NTCA

North of Tyne Combined Authority

14 Sign-off

1) Mayor and Cabinet Member:	2) Director/SMT	3) Chief Finance Officer:	4) Monitoring Officer:	5) Managing Director:
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