

**TITLE OF REPORT:** North East Devolution – combined authority borrowing powers

**REPORT OF:** Mike Barker, Strategic Director, Corporate Services & Governance; and  
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### **Purpose of the Report**

1. This report asks Cabinet to 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 the scheme which was subject to public consultation. The provision of borrowing powers to NECA will support the Council to deliver across our key priorities.

### **Background**

2. Further to the North East Mayoral Combined Authority (Establishment and Functions) Order 2024 being made on 20 March 2024, the new combined authority, NECA, came into existence on 7 May 2024.
3. In order for NECA to be able to support its functions, it was envisaged that the combined authority would have borrowing powers. The above Order makes provision for borrowing powers in relation to NECA's transport functions. However, borrowing powers for other functions must be dealt with by separate Regulations.

### **Proposal**

4. This report seeks in principle agreement to consent to the making of such Regulations and delegated authority for the Chief Executive to provide that consent when requested to do so by the Secretary of State.

### **Recommendations**

5. It is recommended that
  - (i) Cabinet agree in principle that the Council should consent to the making of the Regulations; and
  - (ii) authorise the Chief Executive, in consultation with the Leader of the Council, to issue the Council's formal consent to the Secretary of State when requested

for the following reason:

As set out above, the devolution deal and the scheme which was published for consultation envisaged that NECA would have the proposed borrowing powers.

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## APPENDIX 1

### Policy Context

1. Securing borrowing powers will help NECA to properly discharge its functions and assist in delivering its vision, policies, and priorities; which in turn will support the Council to deliver across its key priorities.

### Background

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 Councils needed to establish a new mayoral combined authority for the region.
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.
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 the constituent councils must provide their consent before the Regulations can be made.
5. The Regulations will be made under section 23(6) of the Local Government Act 2003.
6. The timetable for implementation will be determined by central government’s timetable for making the Regulations.

### Consultation

7. The intention for NECA to have borrowing powers 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.

### Alternative Options

8. If consent to the making of the Regulations is withheld this would adversely impact on NECA’s ability to properly discharge its functions and assist in delivering its vision, policies and priorities.

### Implications of Recommended Option

9. **Resources:**

- a) **Financial Implications** – There are no direct financial implications arising from the proposals in 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.
  - b) **Human Resources Implications** – There are no direct human resources implications arising from the proposals in this report.
  - c) **Property Implications** - There are no direct property implications arising from the proposals in this report.
10. **Risk Management Implication** - Success will be measured through the evaluation and appraisal mechanisms set out in the Single Assurance Framework which NECA has agreed with central government.
  11. **Equality and Diversity Implications** - In developing the proposals for the new combined authority, the Councils 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.
  12. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising from the proposals in this report.
  13. **Health Implications** - There are no direct health implications arising from the proposals in this report.
  14. **Climate Emergency and Sustainability Implications** - 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.
  15. **Human Rights Implications** - There are no direct human rights implications arising from the proposals in this report.
  16. **Ward Implications** - There are no direct ward implications arising from the proposals in this report.
  17. **Background Information:**

[The North East Mayoral Combined Authority \(Establishment and Functions\) Order 2024 \(legislation.gov.uk\)](https://legislation.gov.uk)