

**Tees Valley Combined Authority (TVCA) Audit and Governance
Committee**

Tuesday 21st September 2021 at 10.00am

PRESENT

Members

Councillor Chris Gallacher, Chair (Redcar & Cleveland Borough Council)
Councillor Paul Crudass, Vice Chair (Darlington Borough Council)
Councillor Barry Woodhouse (Stockton-on-Tees Borough Council)
Jonny Munby (Independent Member)
Angus Kidd (Independent Member)
James Stuart (Independent Member)

Apologies for Absence

Julie Gilhespie (Group Chief Executive, TVCA)

IN ATTENDANCE

Officers

Gary Macdonald (Group Director of Finance & Resources, TVCA)
Neil Cuthbertson (Finance Manager, TVCA)
Peter Judge (Group Chief Legal Officer, TVCA)
Natalie Robinson (Group Risk Manager, TVCA)
Shona Duncan (Head of Education, Employment & Skills, TVCA)
Chris Beck (Director of Business & Skills, TVCA)
Emma Simson (Legal Manager, TVCA)
Ruth Callaghan (Governance Officer, TVCA)
Nicola Dean (Governance Support Officer, TVCA)

Also in Attendance

Cameron Waddell (Mazars – External Auditors)
Michael Gibson (RSM – Internal Auditors)

AGC 14/21	APOLOGIES FOR ABSENCE Apologies for absence were submitted as detailed above.
AGC 15/21	DECLARATIONS OF INTEREST No declarations of interest were received.

AGC 16/21	<p>MINUTES OF MEETING HELD ON 27th JULY 2021</p> <p>The minutes of the previous meeting were agreed as a true record.</p>
AGC 17/21	<p>ACTION TRACKER 2021-2022</p> <p>Gary Macdonald, Group Director of Finance and Resources, updated Members that the outstanding actions on the Tracker could be closed off as follows:</p> <ul style="list-style-type: none"> • Peter Judge, Chief Legal Officer, to produce a Paper and indicative timetable for consideration at the next Committee meeting on how future updates on STDC/Airport should be communicated to them; • Risk Register top risks included in the Agenda.
AGC 18/21	<p>CEO UPDATE INCLUDING COVID 19 UPDATE</p> <p>Gary Macdonald, on behalf of the Group CEO, provided the Committee with an overview of the report, covering the following areas:</p> <ul style="list-style-type: none"> • Covid 19 Response • Teesside International Airport • Teesworks • One Public Estate • Business Investment • Education, Employment and Skills • City Region Sustainable Transport Settlement • Tees Flex • East Coast Main Line May 2022 Timetable Consultation • Billingham Station Access for All Project • Clean Growth and Innovation • Creative Place • Rugby League World Cup • Tees Valley Place Marketing Programme <p>Members asked:</p> <ul style="list-style-type: none"> • Where are the Combined Authority in terms of getting back to ‘normal’ working arrangements? Gary Macdonald explained that remote working existed in the Combined Authority prior to Covid and engagement with teams and use of technology through this period has been fantastic. Current working arrangements were advised to be a hybrid model operating a booking system for hot desking and collaborative workspaces, whilst retaining the work from home option. • What kind of hybrid model is being followed? Members were advised that Managers and staff have worked that through, leaving it tailored to people’s individual needs while bearing in mind the objectives that need to be achieved in each area. It was noted that performance is monitored to ensure engagement, while support is given to those who may be struggling and adapting ways of working if necessary. • Are we seeing those external relationships coming back despite the residual risk that exists in society? It was explained that relationships are now face to face that can’t be replicated through technology, and the Combined Authority is working and engaging more with communities and businesses by way of site visits/meetings with partners and stakeholders, each with appropriate risk assessments in place.

- When does the recovery funding run out for Covid? Members were advised that it is difficult to determine a timeframe on this as it is dependent on how Covid recovery develops, but the funds that have come to the Combined Authority have been managed and co-ordinated Tees Valley wide. It was explained that there have been individual funding pots previously which are now moving into shared prosperity and that the Community Renewal Fund is an interim funding solution from Government pre-UK Shared Prosperity Funding.
- How do you see the confidence of businesses in the Airport with the departure of Stobart? Members were informed that Stobart were key in getting the airport to where it established itself but the expertise and work in place now is being driven by management and support services to the airport, so has been a natural transition and the relationship with Ryanair/Loganair remains strong.
- What is situation with Stobart, are they now gone? Yes, and members were advised that the equity they had is in a Trust, managed by independent directors.
- Is 'expertise' not in the Trust? No, they have oversight and a purpose to link in with local community, but the expertise/skill sets in aviation is in the management and operational teams. The Committee agreed it would be helpful to see the Terms of Reference for the Trust and it was agreed this would be provided.
- What's the return-on-investment criteria? Members were advised that this has always been to return the airport to profitability over the 10-year business plan but also for the airport to be seen as a strategic infrastructure asset for the Tees Valley.
- Were the shares sold onto the Trust and if so, how much were they? Yes, they were sold for a nominal value.
- What are the other metrics of success for the Airport, other than return to profitability so we can understand the return-on-investment? The economic metric value is consistently evaluated by TVCA to see how the Tees Valley is performing with the assets at its disposal. The 5-year gateway review by SQW also looked at the initial findings on the airport and bringing it back into use and returned positive feedback on progress to date.
- Has the 10-year plan timeline changed due to the pandemic? No, it was advised that the Business Plan has the same end date.
- Why did the Dorman Long Tower come down during the night? It was explained that this was to ensure no disruption to train services on the nearby railway line.
- Is there sufficient local accommodation available to attract other areas of government into the area when the Treasury comes? Chris Beck, Director of Business and Skills, advised members that there are a lot of good offices available locally and this is reviewed regularly with LAs but potentially do need more, as well as there being a need for offices with good public sector transport links.
- Has residential accommodation been thought about? Members were informed that LAs are responsible for housing needs and have intelligence relating to this. It was explained that TVCA try to assist, engaging on co-ordination of government funding in relation to brownfield housing to deliver affordable housing.
- Are there any plans for electric metro types of transport locally? Members were advised that it would be useful to get a transport update at a future meeting to get a feel where TVCA is going with this so this would be added to the Forward Plan.
- Are there any plans to extend Tees Flex outside of rural areas? Members were advised this would be queried with the Transport team and a response given to the Committee.
- Is Billingham a busy train station for such an investment? It was explained that the principle is to try to get the station onto connected routes.

	<ul style="list-style-type: none"> Is the station going to be open while these improvement works are carried out as there is no disabled access? It was advised that this enquiry would be raised with the Transport team and Members would be advised. <p>RESOLVED that: Members noted the report</p>
<p>AGC 19/21</p>	<p>INTERNAL AUDIT PROGRESS REPORT</p> <p>A summary update of progress against the 2021/22 internal audit plan was given to members.</p> <p>Members asked:</p> <ul style="list-style-type: none"> Is the timeline all on track? Gary Macdonald confirmed that there isn't anything anticipated that would prevent the completion against the proposed deadlines. Is this usual for this 19/20 not to have been completed? No, it was explained that this is not usual, but there have been issues in getting it finalised and there are different issues in 20/21 but working on it so can return to usual timelines.
<p>AGC 20/21</p>	<p>EXTERNAL AUDIT PROGRESS REPORT</p> <p>An update was given on the progress in delivering the external audits for 2019/20 and 2020/21. Members were informed that most of the work had been completed on the 2019/20 audit but that there have been delays in the completion of the audit for the Goosepool Group which has delayed the completion of work on the consolidation. As the 2019/20 Audit is not complete, this has meant being unable to complete plan for 2020/21 but work has continued, and members will be updated at a future meeting.</p> <p>Members asked:</p> <ul style="list-style-type: none"> Would it be useful for the Committee to see the Audit Reports for STDC and for the Airport and Goosepool? It was agreed this would be helpful for Goosepool and STDC and that these will be provided. Is there a timeline we need to operate to, and could this create a problem? No, it won't create a problem but there is a timescale to aim for, but this has now passed, and central government are aware. Is there a reputational risk for relationship with government as a result? Cameron Waddell, Mazars, explained nearly everyone missed the 19/20 audit deadline and there are still several Audits open now for various reasons. Members were informed that it's expected that 20/21 to be complete for November and aim to get 21/22 completed on time. How does appointment of Auditors work? It was explained that TVCA opted into bulk procurement of external auditors and Public Sector Audit Appointments (PSAA) appointed audit firms to this, and Mazars have been the auditor since TVCA inception. The PSAA will be re-procuring for 23-24 and if TVCA 'opt in' to this there will be a new procurement and PSAA will appoint audit firms into that framework to then appoint to individual bodies. Members were advised this could mean a change in audit firm for TVCA and PSAA would decide, in consultation with TVCA. Can we look at more on where we want our targets and social value to be set with net zero? It was confirmed that this can be added to the Forward Plan as a topic introduction, with a view to look at how we track each and the trends after that. It was confirmed that social value is being captured through the Group Procurement Strategy so 20% on social value on those over £100k.

<p>AGC 21/21</p>	<p>TREASURY MANAGEMENT ADVISORS</p> <p>A presentation was delivered to members detailing the role of Arlingclose as Treasury Management Advisors.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Is the decision to borrow significantly ahead of the timeframe in which it is needed? It was explained it is a decision made due to interest rates as money is passported to other recipients. • What role do you expect this Committee to play regarding this? It was advised that this was a previous action from the Forward Plan requested by the Committee to raise awareness in the area.
<p>AGC 22/21</p>	<p>EDUCATION, EMPLOYMENT & SKILLS UPDATE</p> <p>A report was provided to the Committee giving an update on the progress of delivery of the current Education, Employment and Skills Strategy, and the work carried out to develop a new strategy for Employment and Skills for 2022-29.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • What kind of organisations were captured to gain the insight on the need for different skills and what are we imagining for industries that aren't here yet? Shona Duncan, Head of Education, Employment & Skills informed members that there had been extensive consultation with a variety of employer groups, various sector groups, business engagement & skills group for different sectors to determine the real skills demand they had and built that on top of national research. It was explained that all sectors were felt to have been captured including start-up businesses/large businesses, SMEs, priority sectors as well as thinking about emerging sectors. Constantly reviewing this work as labour market is changing. Going to work closely with NECC on Local Skills Improvement Plan in coming months to get more evidence on what is needed in skills for the future. • Where do green jobs feature in this? It was explained that this is a work in progress, with work undertaken with BEIS and a local business who helped develop the Clean Growth Report with them. This area is being developed around what the skills and qualifications required are for those jobs to build a routeway while getting anchor businesses identified. • Has this demand been quantified? Members were advised this hadn't been determined yet, but one key piece of work is that with GE and the Apprenticeship Institute on what the needs are and what the supply chain will also require also. When we get a large inward investor, they often manage to fill their own jobs, but supply chain, smaller employers, may be affected by losing staff so need to look at them and start to build a Skills Routeway for those businesses as well as the inward investor. Members were informed that a workshop with partners is planned for October to identify this and influence training providers to fulfil the training required.

	<ul style="list-style-type: none"> • Are there initiatives that might try to address shortages in the short term, in roles such as mental health workers, lorry drivers, care workers etc.? Yes, it was advised that the devolution of the AEB and the level 3 funding that TVCA holds has given the opportunity to be flexible to such needs. Members were updated on work looking at such shortages and were informed that the potential shortage of HGV drivers appeared to be in the test centre's not having capacity to get the backlog of testing underway. It was explained that a relaxed testing criteria with taking one test rather than 2 was proposed and work had been done with government and training providers to look at that. In care, it was explained that options were considered and looking at setting up an employer engagement meeting with Job Centre Plus to work collectively to provide a better routeway for people to go into the care sector, increasing demand and incentivising people to move into the care sector. • Is higher education being engaged with, to consider designing new courses for the future? Yes, it was advised that TVCA engage with higher education and Teesside University across all sectors but in terms of their offer, that needs to be explored further as work has been done to try and put more flexibility into degree apprenticeships and numbers are increasing. • Do we have the capacity to train and manage businesses needs for the future? Yes, there are pro-active colleges and training providers with a good network between them to develop and define the needs. Members were advised that because of the diversity of the Tees Valley labour market there are a range of different challenges and there isn't a 'one fits all' response so there is a need to work with employers to determine what they want, then work with skills providers to deliver it. <p>RESOLVED that: Members noted the report.</p>
<p>AGC 23/21</p>	<p>FORWARD PLAN 2021-2022</p> <p>Gary Macdonald confirmed that the deep dive topics - Transport and Clean Growth - would be added to the Forward Plan.</p>
<p>AGC 24/21</p>	<p>CORPORATE RISK REGISTER UPDATE</p> <p>An overview was given of the Corporate Risk Register by Natalie Robinson, Group Risk Manager.</p> <p>RESOLVED that: Members noted the Risk Register and report.</p> <p><i>A resolution was passed to exclude the press and public under paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972 for a presentation to be delivered to the Committee.</i></p>
<p>AGC 25/21</p>	<p>OFFSHORE WIND THEMATIC UPDATE</p> <p><i>A resolution was passed to exclude the press and public under paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972.</i></p>

AGC 26/21	DATE OF NEXT MEETING The next meeting is 1 st December 2021 at 10am.
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