



Overview & Scrutiny Committee Agenda

Date: Wednesday 10th August 2022 at 1pm

Venue: Teesside Airport Business Suite, Teesside International Airport, Darlington DL2 1NJ

Membership:

Cllr J Hobson (Chair) (Middlesbrough Borough Council)
Cllr S Smith (Vice Chair) (Redcar & Cleveland Council)
Cllr P Beall (Stockton-on-Tees Borough Council)
Cllr S Nelson (Stockton-on-Tees Borough Council)
Cllr D Branson (Middlesbrough Council)
Cllr S Harker (Darlington Borough Council)
Cllr B Harrison (Hartlepool Borough Council)
Cllr D Nicholson (Hartlepool Borough Council)
Cllr C Hobson (Middlesbrough Council)
Cllr B Donoghue (Darlington Borough Council)
Cllr C Jones (Redcar and Cleveland Borough Council)
Cllr M Renton (Darlington Borough Council)
Cllr T Riordan (Stockton-on-Tees Borough Council)
Cllr S Jeffrey (Redcar and Cleveland Borough Council)
TBC (Hartlepool Borough Council)

AGENDA

- 1. Chairs Welcome & Apologies for Absence**
- 2. Declarations of Interest**
Attached
- 3. Referral from Cabinet: Investment Plan Refresh**
Attached and Presentation

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A (4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting or for details of access to the meeting for disabled people, please contact:

Nicola Dean

Governance & Scrutiny Officer

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Tees Valley Combined Authority Declaration of Interests Procedures

1. The purpose of this note is to provide advice and guidance to all members (the Mayor, elected and co-opted members, substitute members and associate members) of the Combined Authority Cabinet, Sub-Committees and Local Enterprise Partnership Board, on the procedure for declaring interests. The procedure is set out in full in the [Combined Authority's Constitution](#) under the "Code of Conduct for Members" (Appendix 8).

Personal Interests

2. The Code of Conduct sets out in full, the principles on the general conduct of members in their capacity at the Combined Authority. As a general principle, members should act impartially and should not use their position at the Combined Authority to further their personal or private interests.
3. There are two types of personal interests covered by the constitution:
 - a. "disclosable pecuniary interests". In general, a disclosable pecuniary interest will involve any financial interests, such as paid employment or membership of a body, interests in contracts, or ownership of land or shares. Members have a pecuniary interest in a matter where there is a reasonable likelihood or expectation that the business to be considered will affect your well-being or financial position, or the well-being or financial position of the following persons:
 - i. a member of your family;
 - ii. any person with whom you have a close association;
 - iii. in relation to a) and b) above, their employer, any firm in which they are a partner, or a company of which they are a director;
 - iv. any person or body in whom persons described in a) and b) above have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - v. any body as described in paragraph 3 b) i) and ii) below.
 - b. Any other personal interests. You have a personal interest in any business of the Combined Authority where it relates to or is likely to affect:
 - i. any body of which you are a member (or in a position of general control or management) and to which you are appointed or nominated by the Combined Authority;
 - ii. any body which:
 - exercises functions of a public nature;
 - is directed to charitable purposes;
 - one of whose principle purposes includes influencing public opinion or policy (including any political party or trade union) of which you are a member (or in a position of general control or management).

Declarations of interest relating to the Councils' commercial role

4. The constituent councils of the Combined Authority are closely integrated with its governance and financial arrangements, and financial relationships between the Combined Authority and Councils do not in themselves create a conflict of interest for Council Leaders who are also Combined Authority Cabinet members. Nor is it a conflict

of interest if the Combined Authority supports activities within a particular council boundary. Nevertheless, there are specific circumstances where the Cabinet is considering entering into direct contractual arrangements with a council, for example in relation to a particular commercial investment project, or in which that council is a co-funder. In these circumstances a non-pecuniary declaration of interest should be made by the Council Leader or their substitute.

Procedures for Declaring Interests

5. In line with the Code of Conduct, members are required to adhere to the following procedures for declaring interests:

Register of Interests

6. Each member is required to complete a register of interests form with their personal interests, within 28 days of their appointment to the Combined Authority. Details of any personal interests registered will be published on the Combined Authority's website, with the full register available at the Combined Authority's offices for public inspection. The form will be updated on an annual basis but it is the responsibility of each member to notify the Monitoring Officer of any changes to the register throughout the year. Notification of a change must be made to the Monitoring Officer within 28 days of becoming aware of that change.

Declaration of Interests at Meetings

7. The Combined Authority will include a standing item at the start of each meeting for declaration of interests. Where members are aware that any of their personal interests are relevant to an item of business being considered at a meeting they are attending, they must declare that interest either during the standing item on the agenda, at the start of the consideration of the item of business, or when the interest becomes apparent, if later.
8. Where members consider that their interest could be considered by the public as so significant that it is likely to prejudice the members' judgement then they may not participate in any discussion and voting on the matter at the meeting, but may attend the meeting to make representations, answer questions or give evidence relating to the business, before it is discussed and voted upon.
9. If the interest is a disclosable pecuniary interest (as summarised in paragraph 3a) then the member must leave the meeting room during discussion and voting on the item of business, but may make representations, give evidence and answer questions before leaving the meeting room. Failure to comply with the requirements in relation to disclosable pecuniary interests is a criminal offence.

Sensitive Information

10. Members can seek the advice of the monitoring officer if they consider that the disclosure of their personal interests contains sensitive information.

AGENDA ITEM 3**REPORT TO THE TEES VALLEY COMBINED AUTHORITY
OVERVIEW & SCRUTINY COMMITTEE****10 August 2022****REPORT OF GROUP CHIEF LEGAL OFFICER
(MONITORING OFFICER)****REFERRAL FROM CABINET: INVESTMENT PLAN REFRESH****SUMMARY**

At its meeting on 22 July 2022, Cabinet approved a refreshed Investment Plan for the Combined Authority and asked that the report be referred to the Overview & Scrutiny Committee for it to review.

RECOMMENDATIONS

The Overview & Scrutiny Committee is invited to consider the referral from Cabinet and agree whether, if deemed fit, make a report, and submit any appropriate recommendations to Cabinet. The committee should also consider whether their report should be published.

DETAIL

1. Cabinet considered and approved the Investment Plan Refresh report which is attached at Appendix 1. Cabinet asked that resolution 1 be referred to the Committee for review. This included the following:
 - The UK Shared Prosperity Fund (UKSPF) for Tees Valley and our submission to government;
 - The £3.6m UKSPF Multiply National Programme;
 - An update on the £310m sustainable transport programme;
 - That Tees Valley Combined Authority (TVCA) become party to the 'shell' bus Enhanced Partnership agreement, noting that there are no direct obligations at this stage, and delegate authority to the Assistant Director for Transport & Infrastructure to engage through the Bus Partnership governance structure and agree further detail in relation to any element of the delivery plan, which has implications on TVCA, subject to confirmation of funding and satisfactory completion of the necessary statutory processes;
 - A mandate to commence a project on the establishment of a Tees Valley Energy Company (TVEC), with any decision to establish the TVEC and Invest in Solar energy generation and supply infrastructure to be brought back to Cabinet for a final decision;
 - Teesside International Airport Limited (TIAL) Business Plan;
 - Note the TIAL Draft Accounts 2021/22 which will be approved by the TIAL Board and delegate authority to the TIAL Board to approve the final accounts;
 - The proposal to progress discussions on the consolidation of the TIAL Shareholding with the Local Authority Shareholders;

2. In accordance with paragraph 6(c) of the Combined Authorities (Overview and Scrutiny Access to Information and Audit Committees) Order 2017 and the TVCA Constitution. Any member of the Combined Authority may refer any matter to the Overview and Scrutiny Committee which is relevant to the functions of the committee.
3. The Committee is at liberty to decide how it undertakes its review, including whether it would like to submit its comments in writing to Cabinet. The Committee must also determine whether their comments should be published. However, the Committee, the Combined Authority or the Mayor is required to exclude any confidential information or relevant exempt information.
4. Once the report is received by the Combined Authority, the Combined Authority is required to consider the content and any recommendations, respond to the Committee indicating what (if any) action the Combined Authority is proposing to take. In the event that the Committee has published its report, the Combined Authority's response must also be published. The timescale for responding to a Scrutiny Committee report is two months from date the report is received.

FINANCIAL IMPLICATIONS

5. None as a consequence of this report.

LEGAL IMPLICATIONS

6. This review is in accordance with the TVCA Constitution.

RISK ASSESSMENT

7. The TVCA group is committed to implementing a risk management culture, adopting ISO 31000 best practice in the identification, evaluation and effective management of threats and opportunities. The Risk Management framework provides the architecture for a common platform for all risk management activities undertaken by the Group; from individual function, process, or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively.

CONSULTATION & COMMUNICATION

8. The Investment Plan Refresh was considered by all appropriate governance groups in advance of its submission to Cabinet. Cabinet considered the matter at its meeting on 22 July 2022 and asked that the report be referred to the Overview & Scrutiny Committee for it to review.

EQUALITY & DIVERSITY

9. Equality Impact Assessments will apply, as appropriate.

LOCAL ENTERPRISE PARTNERSHIP

10. The Local Enterprise Partnership has been consulted and Members of the LEP are associate members of Cabinet.

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Post Title: Group Chief Legal Officer (Monitoring Officer)

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AGENDA ITEM 7**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****22 JULY 2022****REPORT OF GROUP CHIEF EXECUTIVE****INVESTMENT PLAN REFRESH****SUMMARY**

This report sets out a refreshed Investment Plan for approval by Cabinet. There is a strong focus on communities and place with investment in community safety, supporting local businesses, transport, skills, and the proposed designations of two new Mayoral Development Corporations. It also includes a proposal to explore the creation of a Tees Valley Energy Company (TVEC), which will offer sustainable, green, and stable energy prices for Tees Valley businesses.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet

1. approves the Investment Plan refresh, including:
 - The UK Shared Prosperity Fund (UKSPF) for Tees Valley and our submission to government;
 - The £3.6m UKSPF Multiply National Programme;
 - An update on the £310m sustainable transport programme;
 - That Tees Valley Combined Authority (TVCA) become party to the 'shell' bus Enhanced Partnership agreement, noting that there are no direct obligations at this stage, and delegate authority to the Assistant Director for Transport & Infrastructure to engage through the Bus Partnership governance structure and agree further detail in relation to any element of the delivery plan, which has implications on TVCA, subject to confirmation of funding and satisfactory completion of the necessary statutory processes.
 - A mandate to commence a project on the establishment of a Tees Valley Energy Company (TVEC), with any decision to establish the TVEC and Invest in Solar energy generation and supply infrastructure to be brought back to Cabinet for a final decision;
 - Teesside International Airport Limited (TIAL) Business Plan;
 - Note the TIAL Draft Accounts 2021/22 which will be approved by the TIAL Board and delegate authority to the TIAL Board to approve the final accounts;
 - the proposal to progress discussions on the consolidation of the TIAL Shareholding with the Local Authority Shareholders;
2. to support the designation of a new Mayoral Development Corporation in Hartlepool, subject to the outcome of the consultation process.

3. to support the designation of a new Mayoral Development Corporation in Middlesbrough, subject to the outcome of the consultation process.

DETAIL

UK Shared Prosperity Fund (UKSPF)

1. In April, the UK Government published its prospectus for the new £2.6 billion UK Shared Prosperity Fund (UKSPF), which succeeds the old EU structural funds. This fund is about levelling up people's pride in the places they love and seeing that reflected in empowered local leaders and communities, a stronger social fabric and better life chances.
2. The UKSPF is focused on three investment priorities: Communities & Place (including culture), Supporting Local Businesses (including innovation) and People & Skills.
3. The Tees Valley allocation from April 2022 – March 2025 is £46.3 million made up of £42.7 million (Core) & £3.6 million (Multiply Adult Numeracy Programme, led by the Department for Education (DfE)) and is predominantly revenue focused. Allocations from 2025 onwards rise significantly and whilst not confirmed are indicated at £28 million per year.
4. Within the current investment plan, assumptions had been made that UKSPF would fund £29.5 million of allocated expenditure, therefore the allocation received has increased the overall investment plan by £16.8 million (£13.3 million core and £3.6 million multiply).
5. Tees Valley Combined Authority (TVCA) is the designated Lead Authority to submit the Tees Valley UKSPF Investment Plan between 30 June – 1 August and to manage the fund in the local area.
6. Our local investment priorities must be aligned to evidence of local need, must complement, and not duplicate existing activity or funding and must be developed in partnership with key stakeholders in the area. Existing strategies, evidence, and engagement through TVCA advisory groups has informed the indicative priority allocations as they address our local challenges and opportunities.
7. A Local Partnership Group has been established [first meeting 21 June 2022] that includes representatives from TVCA, Local Authorities (also covering Local Resilience Forum), Business Board Thematic Leads, Employer Representative Bodies, Teesside University, Further Education, Environmental Representative, VCSE, Public, Police, DWP, DfE and the Cities and Local Growth Unit. This group is involved in the development of the UKSPF plan and moving forward, they will meet quarterly and provide oversight for the management and delivery of UKSPF.

8. The following table sets out indicative local allocations under each investment priority.

UKSPF Priority	TVCA IP Heading	Investment Plan Allocation		Total
		Committed £m	Available £m	£m
Communities & Place	Culture***	14.1	0	14.1
	Place	7.3	3.3	10.6
People & Skills – inc. Multiply*	EES	3.6	5	8.6
Supporting Local Businesses	Business Growth	0	13	13
Total		25	21.3	46.3**

*Significant other funding sources are being invested in People and Skills in this period as set out in this report. UKSPF will focus on filling the gaps in support.

** Included within the total is an allocation for delivering the UKSPF programme of up to 3%.

*** Due to the Government categorisation of outputs and outcomes, activity to develop and promote the visitor economy will be allocated and reported under supporting local businesses.

9. The submission to Government must set out clearly the annual profiles for expenditure, which UKSPF interventions we have prioritised for investment and why and quantify the outputs and outcomes Tees Valley seeks to achieve through these allocations. The Local Partnership Group will have oversight of the final UKSPF Investment Plan submission and the outcome targets agreed.

10. The emerging priorities for activity are set out below:

Communities & Place £24.7m	People & Skills (exc. Multiply) £5m	Supporting Local Businesses £13m
<p>Cross cutting interventions that also support People, Skills, and Businesses.</p> <ul style="list-style-type: none"> Growth Programme for Creative & Visitor Economies Placed Based Investment Tackling Anti-Social Behaviour and Security in Town Centres to support significant capital investment through other sources (such as Town Deal / FHSF). Likely to be pilot projects in defined areas testing new ways of working to inform future investment. 	<ul style="list-style-type: none"> All age careers education and guidance for residents to increase awareness of the changing local economy, current and future opportunities and the skills required. Intensive wrap around employment support for those economically inactive to move people closer to mainstream provision and employment Tailored support to help people in employment, who are not supported by mainstream provision to address barriers to accessing education and training courses. <p><i>Please note there are significant funds from other sources supporting People and Skills such as Adult Education</i></p>	<p>Supporting start-up, scale-up and growth</p> <ul style="list-style-type: none"> Business Start Up: Stimulation, Support, Investment SME Net Zero: Know-how, investment Finance and Funding: Know-how and investor readiness Digital: Know-how, investment People: Skills, recruitment, retention, apprenticeships Supply Chain Opportunities: Awareness and support <p>Creating the environment that stimulates innovation in key sectors:</p> <ul style="list-style-type: none"> Sector networks and collaboration Supply chain development Supporting innovation infrastructure

Communities & Place £24.7m	People & Skills (exc. Multiply) £5m	Supporting Local Businesses £13m
<ul style="list-style-type: none"> Feasibility for digital inclusion interventions. 	<i>Budget, Level 3 Skills and Skills Bootcamps.</i>	<ul style="list-style-type: none"> Supporting digital business and innovation

11. As part of UKSPF investment plan development, Government will consider bespoke local interventions if justified. Tees Valley will seek to secure approval for a bespoke intervention providing all age careers education and guidance for residents to increase awareness of the changing local economy, current and future opportunities and the skills required. This is a priority activity in the Education, Employment & Skills Strategy and will provide valuable support to both people and businesses.
12. Once Government approves the UKSPF investment plan, funds will be confirmed from April 2022 - March 2025 and first payments should be released to the Lead Authority in October 2022.
13. Existing EU funded activity in the region will come to an end at varying points in this period (2023 onwards) and there will be a transparent process to commit available funds to projects that deliver the priorities set out in the UKSPF investment plan using open calls for activity and/or partners and where relevant partnership co-development of activity.

UKSPF Multiply National Programme

14. The UK Government committed that the first priority of UKSPF is Multiply. This is intended to reach adults across the whole United Kingdom over the next three years to improve their functional numeracy skills.
15. TVCA is the designated Lead Authority to submit the Tees Valley UKSPF Multiply Investment Plan by 30th June and to manage the fund in the local area.
16. The Tees Valley indicative revenue allocation from April 2022 – March 2025 is £3.6m.
17. In addition to these local allocations the DfE will lead delivery of a national digital platform for adult numeracy and a programme of evaluation.
18. Multiply has three core aims:
 - More adults achieving maths qualifications, up to and including Level 2-GCSE,
 - Improved labour market outcomes with fewer numeracy skills gaps reported by employers; and
 - Increase adult numeracy across the population.
19. Whilst there is opportunity for innovation and new projects, the provided prospectus identifies 10 areas that could be addressed with Multiply funding, these are:
 - Courses to increase confidence with numbers
 - Courses to help people manage their money,
 - Innovative numeracy programmes delivered with employers to address specific numeracy skills required in the workplace,
 - Courses aimed to assist people to access work,

- New intensive and flexible numeracy courses (functional skills) targeted at people without a Level 2 qualification in maths,
- Courses to enable parents help their children or themselves to progress,
- Numeracy courses aimed at prisoners and those recently released from prison,
- Numeracy courses for those leaving or just left the care system,
- Numeracy activities delivered by the CVSE sector aimed at engaging the hardest to reach learners; and
- Additional relevant maths modules embedded into other vocational courses.

20. Once approved by DfE it is anticipated that delivery will commence from September 2022, in line with the academic year. It is envisaged that a range of delivery patterns will be awarded funding utilising the existing skills Framework of approved providers and additional open procurement undertaken for community level projects and to open the potential for CVSE providers to engage in this programme.

City Region Sustainable Transport Settlement (CRSTS)

21. The £310m City Region Sustainable Transport Settlement (CRSTS) for the period 2022/23 to 2026/27 has previously been incorporated into the Investment Plan by Cabinet on the 28th of January 2022.

22. The government has since confirmed that the profile of the capital grant is as set out in the table below:

CRSTS capital grant profile				
2022/23	2023/24	2024/25	2025/26	2026/27
£60.4m	£62.4m	£62.4m	£62.4m	£62.4m

23. The CRSTS consolidates funding from previous allocations of the Highways Maintenance Block, Potholes Fund and Integrated Transport Block, all of which will be passed onto the five constituent local highway authorities.

24. Furthermore, in addition to the £3.5 million revenue grant awarded in 2021/22 to support the preparation and planning for the CRSTS Programme, the government has also confirmed that TVCA will receive £7.6 million of revenue funding for the period 2022/23 to 2024/25 to support the development of the CRSTS capital investment programme and build longer-term local transport planning and delivery capacity. Further revenue grant funding beyond 2024/25 will be subject to future Spending Reviews. This additional funding is already incorporated into the investment plan.

25. A programme business case has been submitted to government and dialogue is on-going prior to government agreeing the final project list. All local authorities have been engaged throughout the development of the CRSTS project list. Projects must drive growth through infrastructure investment, level up services towards the

standards of the best, and promote modal shift from cars to public transport, walking and cycling.

26. Once the government has agreed the project list, they will publish the funding settlement, outcomes, delivery timeframes and estimated costs on a single, easily accessible website. This will include detailed information about the projects and progress towards delivery.

27. The programme business case consists of six investment packages:

- Making cycling & walking the natural choice for shorter journeys by:
 - Delivering new cycling and walking routes, as prioritised in the Local Cycling and Walking Infrastructure Plan (LCWIP).
 - Providing town centre active travel hubs.
- Transforming the Tees Valley rail system by:
 - Investing in major station upgrade projects to increase capacity and / or improve accessibility.
 - Improving facilities at all stations in the Tees Valley and integration with bus and active travel.
 - Investing in the rail infrastructure to increase capacity for freight and passengers, and reduce journey times.
- A shared commitment with the operators to transform the Tees Valley bus services and grow passenger numbers by:
 - Delivering improvements on nine key corridors to improve journey time and reliability.
 - Delivering improvements to the customer experience through investment in bus shelters.
- Putting the Tees Valley at the heart of the digital transport revolution by:
 - Investing in our digital infrastructure to better manage the network and improve customer information.
- Positioning the Tees Valley at the forefront of decarbonising transport by:
 - Further investment to facilitate vehicle decarbonisation.
- Ensuring everyone can access opportunity by:
 - Investing services to support people where transport is a barrier to accessing employment, education, health and culture.

28. Once government has agreed the final project list, further detail will be included in the Investment Plan under each investment package.

Enhanced Partnership with Local Bus Operators

29. In March 2021, the Government published *Bus Back Better: national bus strategy for England*. The strategy sets out the long-term vision and opportunity to deliver better bus services for passengers across England.

30. The strategy includes a requirement for all Local Transport Authorities (LTAs) to:

- Produce a Bus Service Improvement Plan (BSIP), which should set out the evidence and vision for delivering a step-change in bus services.
- Implement an Enhanced Partnership (EP), which is a statutory agreement between TVCA, the five Tees Valley local authorities and the Tees Valley bus

operators. The EP is made up of two parts: the EP plan, which summarises the content of the BSIP; and the EP Scheme where the detailed requirements, actions and partner obligations for bus services, infrastructure and other supporting measures in the area are set out specifically.

31. The government has made it clear that there should be full alignment between the CRSTS projects and BSIP. Furthermore, there is an expectation that all relevant projects, and particularly bus priority schemes, are included in the Enhanced Partnership (EP) plan and scheme. The EP must also include a mechanism for the operating cost savings realised by bus operators because of CRSTS schemes to be reinvested in delivering other specified aspects of the BSIP.
32. It is important to understand that TVCA is party to the agreement as the LTA and the five Tees Valley local authorities in their capacity as local highway authorities.
33. The legacy of COVID-19 continues to impact on bus services in terms of patronage, service delivery and operational timetabling. These impacts, coupled with the fact that the CRSTS project list has yet to be agreed by government, means that the EP needs to be fluid and will be adapted.
34. In recognition of this challenge, the EP is currently in the form of a 'shell' agreement, which sets out the high-level priorities. These priorities are structured around a five-point delivery plan:
 - Decarbonisation – to be one of the first regions in the UK to have an entirely zero emission local bus fleet.
 - Fares – simpler fares and targeted promotions to drive growth.
 - Customer experience – putting the needs of customers at the heart of service delivery and improving information provision with one brand identity.
 - Infrastructure – new infrastructure investment to prioritise bus on core corridors and improve customer experience.
 - Network – a collaborative approach focused on core corridors and integration with the Tees Flex on-demand bus service. This will ensure services respond to demand, better connect more people to opportunity and facilitate modal shift.
35. There are no direct obligations on TVCA at this stage other than those that apply to all LTAs as set out in paragraph 30. The EP Plan includes a bespoke variation mechanism, which enables further detail to be added as agreement is reached with the bus operators on specific interventions. This report seeks approval for TVCA to become party to this 'shell' agreement.

Tees Valley Energy Company (TVEC)

36. TVCA is developing proposals to establish a Tees Valley Energy Company, initially by utilising surplus land on the North Side of the Airport's site to build a solar energy facility. The proposed land is adjacent to the runway and as such is not suitable for other commercial or industrial development due to height restrictions. Initial advice suggests that the proposed site would be sufficient to provide approximately 40MW of solar energy once fully developed. A plan showing the proposed site is attached at **Appendix 1**.
37. It is expected that the initial scheme will be phased over 2-3 years as to reach the maximum potential capacity will require upgrading of utility infrastructure and

potentially requiring an enhancement to the Grid connection. This is likely to take some time, so the intention is for the first phase to maximise the capacity available through existing capacity.

38. We have had initial conversations with the UK Investment Bank (UKIB) about funding this project on a commercial basis and the project will only move forward if there is a return available. Modelling suggests that even in the worst-case scenario, where power was effectively just sold back to the Grid, the project would generate a financial return for TVCA
39. The total capital cost, including the cost of an updated Grid requirement is expected to be c£50m and the UKIB debt would expect to be provided for a period of 30-50 years. High level projections suggest that, after paying a ground rent to TIAL, and paying funding costs, the project can deliver a significant revenue stream to TVCA.
40. In the initial stages, TVEC intends to sell surplus electricity via Power Purchase Agreements to large local users, potentially Local Authorities, NHS Trusts and other significant users. As TVEC develops in the future there will be an opportunity to grow the business to bring in other sites across Tees Valley and potentially expand the reach of the company to allow it to provide affordable, sustainable green energy solutions to more local businesses.
41. Key to being able to do this is to ensure that TVEC is always matching its ability to generate energy with the level it supplies. This is essential to manage the risk of exposure to electricity price fluctuations. Other suppliers have got into financial difficulty by doing this and this is not something that TVEC will be permitted to do.
42. TVCA will now undertake appropriate due diligence and project development on the proposal and report this back to Cabinet before progressing. This will include looking at the planning requirements and, potentially, preliminary steps in the planning process. for the scheme, whilst continuing to take advice on the wider project and finalise discussions with UKIB. The intention is to have contracts in place to commence the delivery of the first phase by the end of the current financial year. The timing on the next phase will be dependent on the timing of the grid connection.

Teesside International Airport Limited (TIAL)

43. The airport remains critical to the Tees Valley as an essential component of the region's infrastructure and the Combined Authority remains committed to its 10 year turnaround plan.
44. The past two years have been incredibly challenging for the global aviation industry in the face of the COVID-19 pandemic. The Airport Operators Association, representing some 50+ UK airports, earlier this year reported that it has "suffered its biggest downturn in history" with airports' total revenue loss totalling £10billion and 2021 noted as an even worse year for airports than 2020. More recently, the sector has also been hit with challenges around the Russia-Ukraine conflict and we note this week, Peel Group's announcement of the potential closure of Doncaster Sheffield.

45. TIAL has fared better than most regional airports during this time. It has secured routes, increased capacity and carried out significant regeneration and development of its land and assets.
46. During the pandemic, the airport was a responsible employer, topping up staff furlough payments to 100% and ensuring there were no redundancies. This had a positive impact when flights did return, with staff able to provide a fast, efficient and friendly service which grew the airport's reputation and garnered considerable positive feedback.
47. The draft financial statements for the airport highlight the impact these unprecedented circumstances have had on the aviation. The draft outturn for the financial year 2021/22 is an EBITDA loss of £9.1m and an overall loss of £11.7m. We understand these are in line with other airports and operators within the aviation sector and are being driven by incurring fixed unavoidable overheads due to the nature of the industry, and specifically the need to remain open throughout the pandemic period. These losses are, however, down from those recorded in 2020, with a number of cost-saving measures that were put in place beginning to have a positive impact.
48. As set out in the business case when we bought the airport, the long-term sustainability of the airport is as a major economic asset for the region. Its long-term profitability will be dependent upon diversifying sources of income to deliver property, commercial and freight related revenues as well as leisure flights.
49. Significant investment has been made and continues to be made in both the terminal building and commercial offering to help diversify revenue streams. Aviation-related property is key to securing additional revenue through landing fees and fuel sales alongside rents. Key developments within the last 12 months include:
- Global Aviation Firm Willis Asset Management's investment in new hangars and the Jet Centre to expand its operations, set to create new jobs.
 - Draken Europe's expansion with a new hangar to house seven new aircraft, more than doubling its operation and creating up to 30 jobs.
 - The development of the new cargo handling facilities is complete, including a Regulated Agent facility, with a purpose-built 21,000 sq. ft hangar. Freight income is expected to be delivered by the autumn.
 - There has been Freeport investment in a customs facility with HMRC clearance.
 - The airport is also at advanced stages of negotiations with numerous businesses relating to the Southside logistics, manufacturing and commercial business park.
50. The delivery of these developments will drive the move to profitability in the coming years and allow TIAL to be less dependent on seasonal leisure flights to generate income.
51. The airport management is continuing to have very productive conversations about new leisure routes with multiple airlines and there is an expectation that we will see additional routes being secured in the next year.
52. While the airport is focused on increasing its leisure flights and route development for local people and businesses, this is not a key driver of profitability. Commercial and

freight development will be the central factor in increasing the airport's income and therefore delivering profitability. The developments to date, noted above, demonstrate that the airport is well on the way to achieving the diversification required to achieve profitability within three years.

53. These circumstances have required TIAL to update its financial plan. As a result, there is a need for an additional funding allocation to underpin the airport's post-COVID sustainability by replacing funding utilised during the pandemic but importantly some of this additional funding will be used to accelerate cargo and freight facilities, to diversify the airport's revenue streams and attract other business investment to the airport site, which will underpin long term profitability by developing these new revenue streams. An allocation of £20m has been provided in the Investment Plan for these purposes. This will be a central factor in delivering plans for profitability within three years.
54. The TIAL Business Plan is attached at **Appendix 2**. This further expands on the growth opportunities and includes the financial forecasts for TIAL. The draft accounts for 2021/22 are also included for noting.

TIAL Shareholding

55. TVCA has been providing funding to support TIAL since its acquisition in the form of shareholder loans. There is a need to consider consolidating the public sector shareholding at TVCA level to allow this support to continue. To this end initial negotiations have commenced with the local authority shareholders and the intention is to continue to progress these discussions in the coming weeks. To that end, TVCA officers will work to provide the local authority shareholders to ensure that they have the information required to make the relevant decisions in the individual authorities.

Mayoral Development Corporations

56. In 2017, the first Mayoral Development Corporation (MDC) outside of London was established at South Tees. Following the success of this locally-led model to accelerate regeneration, secure private investment and create jobs – the Tees Valley Mayor is proposing the designation of two new Mayoral Development Corporations, one in Middlesbrough and one in Hartlepool. The Combined Authority has undertaken a consultation with statutory consultees and other stakeholders, for each proposed area. They were published on the TVCA website on Thursday 23rd June and will close on Thursday 4th August at 12noon:

- [Link to Hartlepool Consultation](#)
- [Link to Middlesbrough Consultation](#)

A verbal update on responses received to date will be given at the meeting.

57. Included within this Investment Plan report is an allocation of £20m to support the new Mayoral Development Corporations (MDCs) in Middlesbrough and Hartlepool.
58. Masterplans are being developed over the coming months for each MDC area, with a focus on accelerating key projects and leveraging private sector investment. It is proposed that both new MDCs will have planning powers and any additional costs arising from this, and any other appropriate resource requirements, will be met from the Investment Plan allocation.

59. The designation of Mayoral Development Areas is a mayoral power under Localism Act 2011 (section 197) and the paper seeks cabinet's support/ approval for the exercise of this power, subject to a satisfactory outcome from the ongoing consultation process.

60. The next steps are:

- Subject to approval from Cabinet, and the outcome of the local consultation process, the Mayor will write to the Secretary of State in August to formally designate the two new Mayoral Development Corporations;
- Following this, the Secretary of State (SoS) conducts a separate consultation process relating to the transfer of public sector land into each MDC area;
- Masterplanning for each MDC will run alongside the SoS consultation process;
- Specific legislation will then be passed in Parliament, which we expect to be around October time;
- The Masterplans for each area are expected to be launched in October.

Constitution and boundary plans are attached at **Appendices 3** (Hartlepool) and **4** (Middlesbrough). Further detail on each Mayoral Development Corporation can be found at the consultation links in paragraph 56.

Other Place Based Investments

61. An allocation of £10m has been made for other place-based investments in non-Mayoral Development Corporation areas. From this allocation, £6m is ring fenced for projects to drive the economic development of Billingham. A Business Case will be developed in line with the Assurance Framework. The detail for the balance of the funding is still being developed but there is an emerging priority for an improved bus service in East Cleveland and we are in discussions with Darlington Council about potential place related investment there.

FINANCIAL IMPLICATIONS

62. The refreshed investment plan results in changes to the allocations to ensure that we deliver on the proposals set out in this paper.

63. A summary of the amendments to the investment plan are set out in the below table below.

	Business Growth	Transport	EES	Culture	Innovation	Place	Cost of Borrowing	Total
Project	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Place Based Investment (incl MDC)	0	0	0	0	0	30,000	0	30,000
Teesside Airport	0	20,000	0	0	0	0	0	20,000
UKSPF Additional Allocation	9,900	0	0	0	0	3,333	0	13,233
UKSPF - Multiply	0	0	3,632	0	0	0	0	3,632

North East Screen Industries	1,700	0	940	0	0	0	0	2,640
Savings from previous Investment Plan	-128	0	0	-1,575	-497	0	0	-2,200
Reprofiling of Borrowing Requirements	0	0	0	0	0	0	-3,577	-3,577
TOTAL	11,472	20,000	4,572	-1,575	-497	33,333	-3,577	63,728

64. These amendments result in an overall increase in the investment plan of £63.7 million, which is to be funded from additional funding secured of £18.0 million and an additional borrowing requirement of £45.7 million.

65. The North East Screen Industries which was previously approved by Cabinet and has now been incorporated into the plan following confirmation of programme activity. The above allocation is in addition to the £2.1 million included within the creative place programme.

66. Through an extensive exercise in profiling of annual expenditure and subsequent borrowing requirements there has been re-profiling of the costs of borrowing leading to the reduction of £3.6 million in the investment plan period, with these costs now being incurred beyond 2028/29.

67. The implications of the additional borrowing has been carried out and this additional borrowing will remain within the limits set out within the current Treasury Management Strategy. In addition to this an assessment of the servicing of this additional debt has been carried out and is deemed to be affordable and sustainable.

68. The TVCA Assurance Framework will apply, as appropriate, to investments.

LEGAL IMPLICATIONS

69. This report is in line with the constitution and the requirement for an investment plan decision to be by unanimous approval of the cabinet.

70. The designation of a mayoral development area is a Mayoral power under section 197 of the Localism act as applied to Tees Valley by the Tees Valley Combined Authority (Functions) Order 2017 (SI 2017 No.250).

71. If such designation is made the Secretary of State is required to promote legislation to create a Mayoral Development Corporation.

RISK ASSESSMENT

72. The TVCA group is committed to implementing a risk management culture, adopting ISO 31000 best practice in the identification, evaluation and effective management of threats and opportunities.

73. The Risk Management framework provides the architecture for a common platform for all risk management activities undertaken by the Group; from individual function,

process, or project-based assessments to whole-of-organisation assessments, with the aim of enabling comparative analysis and prioritisation of those assessments either individually or cumulatively.

CONSULTATION & COMMUNICATION

74. This report has been considered by all appropriate governance groups in advance of coming to Cabinet. As referred to above, public consultation has been undertaken for the proposed new Mayoral Development Corporations.

EQUALITY & DIVERSITY

75. Equality Impact Assessments will be undertaken, as appropriate.

LOCAL ENTERPRISE PARTNERSHIP

76. This item has been considered by the LEP members in advance of it coming forward to Cabinet.

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Proposed Masterplan

TEESSIDE INTERNATIONAL AIRPORT



SCHEDULE

T.I.A.L. OPERATIONAL REQUIREMENTS

- 1. Terminal development - New gates
- 2. Terminal development - Border Force expansion
- 3. Airside equipment storage
- 4. Long term car parking area
- 5. Airside - Apron extension
- 6. Airside - Extension of taxiway route for wide body aircraft
- 7. Airside - Fuel farm extension
- 8. New sub-station and pumping station
- 9. Apron expansion
- 10. General aviation operational and hangar area
- 11. Landscaping & shelter belt
- 12. Aviation skills academy
- 13. Car park extension area limited to business use
- 14. Memorial
- 15. Airside H2 refueller
- 16. Attenuation area

AVIATION BUSINESS EXPANSION

- 1. First phase - Hangar area for MRO activity
- 2. Second phase - Hangar area for MRO activity and freight handling
- 3. Test area for MRO activity
- 4. Hangar expansion area
- 5. Additional hangar and operational area
- 6. Operational expansion area (currently freight handling hangar)
- 7. Aviation uses - Long term
- 8. Future freight handling area

MANUFACTURING AND EMPLOYMENT USES

- 1. Roadside services - Including EV and H2 fuelling facility
- 2. Business park
- 3. Vehicle hire area
- 4. Light industrial / workshop area
- 5. Heavy industry / manufacturing and data centre
- 6. Energy from waste / railway siding area

TRANSPORT PROJECTS

- 1. Future station and bus transfer location
- 2. HGV access route to be improved

RENEWABLE ENERGY

- 1. Ground solar
- 2. Battery storage
- 3. Car park cover solar
- 4. Roof solar

KEY

- Boundary / Ownership
- Local Authority Boundary
- Road Improvements

- Car Park Cover Solar
- Roof Solar

Proposed Masterplan

Date	Drwn/Chkd	Scale
Nov 2021	AP	1:2000

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BDL704343	MISK001	P02



BUSINESS PLAN 2022/25

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1. INTRODUCTION

In March 2019 Tees Valley Combined Authority (TVCA) acquired the majority shareholding in Teesside International Airport (TIA), which would have closed in 2021 had the acquisition not taken place. The acquisition was identified as critical to Tees Valley in securing the future of the airport as an essential component of the region's economic infrastructure.

TIA is 89% owned by Goosepool Limited and 11% by local authorities (the five Tees Valley local authorities and Durham County Council). Goosepool was previously 75% owned by Tees Valley Combined Authority (TVCA) and 25% owned by Stobart Group (now Esken). In July 2021 the 25% owned by Esken was transferred to the newly established Teesside Airport Foundation (a separate registered charity).

2. PROGRESS 2021-22

Since TIA was acquired by TVCA, we have driven forward significant developments at the airport linked to route and commercial development, terminal improvements, business engagement and marketing & communications. Details of some of the specific initiatives in the previous 12 months are set out below.

2.1 Route Development

By the end of last year, the airport had exceeded the new route development targets set out in its original 10-year plan: -

- KLM - last year a new five-year deal was struck with the airport's partner of over 30 years, KLM Royal Dutch Airlines, to continue its service to Amsterdam Schiphol, a worldwide hub for international travel connection to more than 100 onward destinations. This route operates twice daily Monday-Friday and once a day at weekends.
- Ryanair - a seven-year agreement was signed last year with Ryanair with summer flights to Palma de Mallorca and Alicante, and now with the addition of Faro in Portugal and the Greek Island of Corfu. Ryanair will also operate winter flights twice weekly to Alicante, and dialogue continues with the airline to add other potential routes. These flights have exceeded our expected load factors and current TIA is one of Ryanair's best performing airports.
- Loganair - our partners Loganair provide regular flights to Aberdeen, Belfast, Dublin and Newquay. Loganair had also introduced flights to Heathrow, which were well received by passengers, but unfortunately these became unsustainable when Heathrow's take-off and landing charges increased substantially, along with significant increases in aviation fuel costs, and so we and Loganair took the difficult decision to discontinue this route in late May 2022.
- Tui - the last year also saw the return of TUI, the UK's largest holiday company, nine years after its last departures from the airport, offering flights to Majorca for Summer 2022,

together with Antalya or Dalaman, Turkey from 2023 – again dialogue continues with this company about other potential holiday destinations.

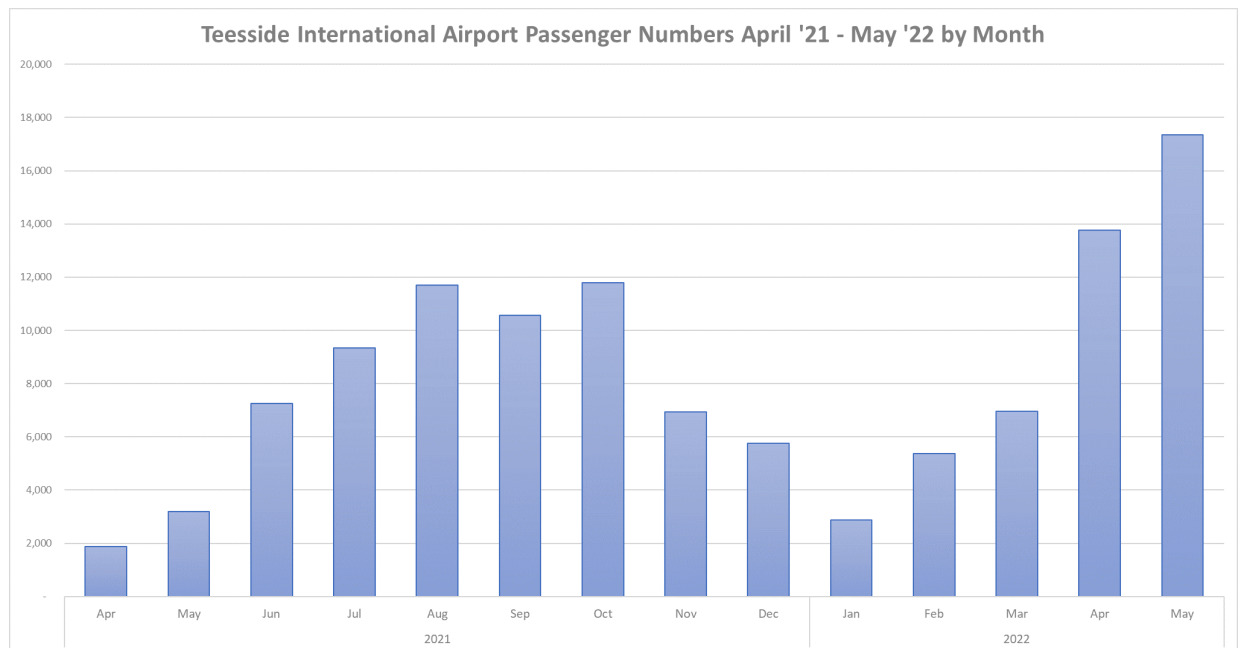
- TIA has also worked with a range of other companies to offer specific seasonal destinations, including Balkan Holidays (Bourgas, Bulgaria), Transun (Lapland), Newmarket Holidays (Italian breaks), and Jersey with a range of operators.
- We continue discussions with airlines with a view to delivering more airline partnerships, routes and services, and continuing to grow our passenger numbers.

2.2 Covid 19 Pandemic

Over the 2021/22 period this airport, like every other airport in the world and the wider travel industry, continued to feel the ongoing and aftereffects of the Covid 2019 pandemic, which persisted for longer than the industry originally expected. TIA began a phased reopening of the airport to passengers in June 2020, introducing enhanced safety and security measures. The success of the UK vaccination programme gradually enabled restrictions to be lifted and in Spring 2022 we started to see passengers really wanting to travel again, which is reflected in our passenger statistics at 2.3 below.

2.3 Passenger Numbers

Notwithstanding the pandemic, passenger numbers are rising, as shown in the graph below:

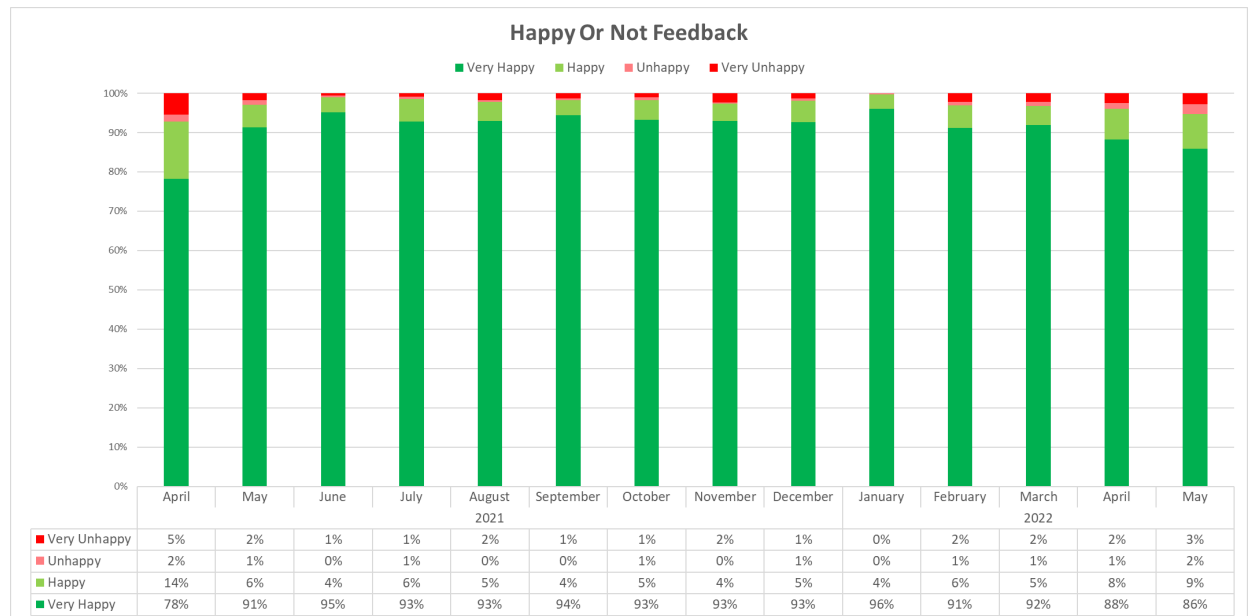


2.4 Passenger Spend

Passenger spend at the airport has increased over the year 2021-22.

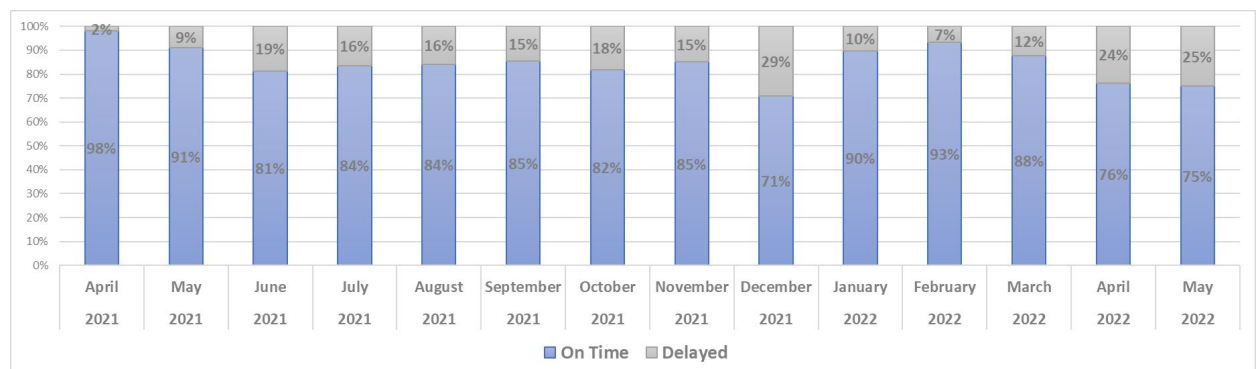
2.5 Passenger satisfaction

The whole airport team works hard to make sure that the airport is welcoming and easy to navigate, so that passengers can be sure of having a great start to their journeys. TIA has consistently experienced very high levels of passenger satisfaction, as shown in the graph below: -



2.6 On-time performance

The airport's on-time performance is shown in the graph below. It should be noted that in the vast majority of cases, any delays to passenger flights are due to airlines experiencing delays with their incoming flights.



2.7 Terminal developments

- We successfully delivered our extensive planned terminal developments to support the delivery of new routes and enhance the airport experience for our customers.

- These developments included a new landside café, refurbished check-in desks, new gate facilities, a new passenger lounge, 3 new airside bars and the opening of a new first floor Sky Bar (accessible from both landside and airside) in June 2022, the opening of the World Duty Free shop, the opening of the airport's first even airside spa.
- New office space was also created for the Tees Valley Combined Authority, who moved out of their office accommodation in Stockton and into their new accommodation at the airport in March 2022.

2.8 Freeport Designation and Business Park Estate Development

In March 2021 the Tees Valley was announced as one of the first places in the UK to receive freeport status. Much of the airport's business park estate is located within the Tees Valley Freeport area, offering additional customs zone incentives for businesses to locate or do business here.

2.9 Northside Business Park

Throughout the last year TIA has been working with several existing tenants on the northside estate to support their growth plans. TIA has invested jointly with international company Willis Aviation in the refurbishment of Hangar 2 for use as a repair and maintenance facility, which involved Willis and FedEx swapping hangars with both tenants now in improved and more suitable premises. TIAL has also commenced the construction of a new hangar for Draken (due to be completed Summer 2022), adjacent to its existing facility. This will enable Draken to expand its operational capacity and deliver a new training contract for the MOD. The TIA team continues to work with tenants and the existing property assets to manage the portfolio and make improvements. Regular tenants' meetings are held, and feedback is acted upon. See paragraph 3.2(d) below for more information on the ongoing development of the Northside.

2.10 Southside Business Park

Work has now begun on the infrastructure to support the airport's Southside development, working through our joint venture, Teesside International Airport Business Parks Limited (TIABPL). Construction on the main access road into the development, and other infrastructure, started in Spring 2022 and a planning application will be submitted for the phase 1 buildings in Summer 2022. See paragraph 3.2(d) below for more information on the ongoing development of the Southside.

2.11 Events, including Teesside Airshow

TIA has hosted a number of events at the airport over the course of the year, including the Chamber of Commerce's 'Northeast Larger Business Summit' in May 2022. By far the biggest event has been the Teesside Airshow, which in years gone by used to be one of the headline events for Teesside, attracting people from far and wide. After a gap of five years, this event in June 2022 saw an exciting programme of air displays including the Red Arrows, the Battle of Britain Memorial Flight, the RAF Falcons and other flights, displays from the British Army, a motor show and other arena family attractions. More than 20,000 visitors attended the event.

2.12 Staff Numbers

Staff numbers at the airport have continued to grow as the business has come out of the pandemic lockdown. Details of our staff numbers as at end May 2022 are set out below: -

Department	No. of Employees
Admin/Directorate	8
Airfield Operations	21
Airport Operations	1
Air Traffic Control	19

Air Traffic Engineering	2
Engineering	4
Estates	1
Finance	6
Motor Transport	2
Retail Operations	21
RFFS (Fire Service)	20
Terminal/Customer Service	12
Total	117

2.13 Communications and Stakeholder Engagement

In the past 12 months, the airport has secured more routes for the summer 2022 season and terminal redevelopments have improved the customer experience. As such, general communications including press releases and adverts have highlighted new popular holiday destinations and the ease and convenience of the airport and its improved facilities. We continue amplifying our key messages with events with key stakeholders including travel agents (also engaged via a regular Travel Matters editorial), local stakeholders and businesses. Business engagement has also shifted focus, with the advantages and opportunities of the airport's under-development business parks, cargo handling facility and its positioning as part of the Teesside Freeport beginning to be promoted more widely. Sponsorship deals with regional and local sports clubs are enhancing our ties to the community while raising awareness further afield.

2.14 Social Value

In developing the airport and its offer, the airport has worked hard to engage local contractors and service providers, ensuring wherever possible that any money spent stays in the area and benefits the wider Tees Valley. TIA continues to champion and support local causes and, as well as working with the newly established Teesside Airport Foundation (see paragraph 1 above) has also signed up for the Hidden Disabilities Sunflower Scheme to help support those passengers whose disability may not be immediately obvious.

3. GROWTH PLAN 2022-25

3.1 Mission and Vision & Values

TIA's **mission** remains to add connectivity, economic impetus, job opportunities and travel opportunities to the region, in a sustainable manner. Our **vision** is that TIA will grow over the coming years to become a mid-sized regional airport, known for a high-quality customer experience, providing domestic and international scheduled and charter services to its local and regional markets, as well as private jet and general aviation facilities to wider audiences. TIA operates based on **values** aligned with its stakeholders: customers, employees, shareholders, and communities. We are planning further development of our Vision and Values in conjunction with the development of our new People Strategy in Autumn 2022.

3.2 Growth Strategy

Based on potential opportunities in the airport market as a result of airlines closing and/or repositioning their previous airport bases as a result of COVID 19, and on TIA's ongoing discussions with airlines, following the pandemic our intention is to increase passenger numbers from 98,000 (2021/22) to 888,000 by end March 2025. TIA is also looking to grow its income from its business parks and through pursuing new lines of activity such as freight handling. Further details are set out in the paragraphs below.

(a) Low-Cost Carriers (LCC)

As set out at 2.1 above, TIA successfully attracted a significant LCC (Ryanair) to operate summer leisure flights starting in 2021. The seven-year agreement will see the carrier potentially grow the range of routes and plane capacity over the plan period. Discussions continue with other low-cost carriers to attract other aviation partners and potential routes for the airport.

(b) Holiday charters

As set out above, a range of companies are providing charter services from the airport, including TUI and Balkan Holidays, and discussions continue with those companies and others to expand the range of charter destinations/timings on offer to our customers.

(c) Freight

TIA has historically handled very little air freight business. Looking forward, the development of new cargo handling facilities and the growth of that business is a key element of the airport's strategy for growth. The airport is developing its Freight Strategy, which will be launched in Summer 2022. The airport is very well placed to grow this part of its business: -

- we are investing in our freight-handling facilities, including an approved Regulated Agent facility, with a purpose-built 21,000 sq. ft hangar offering security screening, temporary storage and freight forwarding, as well as direct landside and airside access;
- the airport is now part of the Tees Valley Freeport (see paragraph 2.8 above), which offers Customs Zone benefits to businesses;
- our 2,291-metre runway can take the heaviest loads in the North East;
- the airport has excellent surface connectivity with the A1 and A19, for ease of access for freight;
- we are ideally situated for local major businesses and logistics operators; and
- we are part of a large net-exporting region.

(d) Business Park Development

The TIAL estate is a key part of the airport's income growth projections. The estate is large and, alongside the specific projects mentioned below there are clear opportunities to remove old, unsuitable accommodation and create development platforms for the aviation sector and also general business/employment investment.

- Northside - building on the projects for Willis and Draken mentioned in paragraph 2.9 above, a masterplan for the Northside has now been prepared and agreed, to attract new business investment and deliver new jobs and growth. TIA is already working closely with Willis on its longer-term expansion plans - these include a planned major hangar development on the Northside Freeport area.
- Southside - this major logistics, manufacturing and commercial business park will cover 3.4 million square feet across 270 acres of the land at the southside of the airport. Once complete, the development has the potential to create 4,400 jobs and deliver extra revenue to reinvest into the airport. Construction on the main access road into the development and other infrastructure started in Spring 2022, and a planning application will be submitted for the phase 1 buildings in Summer 2022, with marketing of the site being managed through the TIABPL joint venture.

(e) Environment/Sustainability

Work has commenced on a Net Zero strategy for the TIA business, alongside collaborative engagement with the aviation industry on the sector's approach to reducing emissions from aircraft. TIA can introduce practical measures for its own business - such as using green energy and electric/hydrogen fleet vehicles - and, given the Tees Valley's leading role in green technology and process innovation, can bring parties together on matters such as Sustainable Aviation Fuel and green jet engine technology. In respect of the TIA estate, proposals are progressing for a major solar farm

which will provide green energy for our business and our business tenants, and also for supply to the national grid.

(f) Events

In the light of successful events held at the airport in the previous year, TIAL is looking to develop an Events Strategy, which will maximise the potential for appropriate events at the airport, while ensuring they can be staged and delivered successfully without adversely affecting our aviation or other growth activities.

(g) Marketing and Communications Strategy

The airport's marketing strategy addresses the requirement to drive awareness, primarily focused on business-to-consumer, given the significant capacity of summer destinations. Key messages will focus on the airport's unique selling points of ease and speed, and includes a mix of airport and airline brands. Tactics will include PR, airtime and sponsorship on radio, outdoor, online and social media advertising.

Business-to-business marketing will continue, working with KLM to promote worldwide onward connections along with commercial opportunities to work with the airport. The implementation of ongoing campaigns continues to reap results with some holiday flights operating at over 95% capacity. Following upgrades on the website and delivery of multi-channel campaigns, the website has seen a significant increase in web traffic, particularly the past three months, which have seen the highest visitors to the site on record for the past two years. Active management of the social media channels continues to engage with audiences, with a rise of 32% in followers.

(h) People Strategy

The airport is working on a new People Strategy that will be developed with its staff and launched later in 2022. As well as underpinning the airport's values-based culture (including through working with our staff on the ongoing development of our Vision & Values), the strategy will further develop our approach to matters such as staff recruitment and retention, staff development, staff inclusion & involvement, health & wellbeing, and sustainability.

4. FINANCIAL PERFORMANCE AGAINST PLAN

4.1 Actual performance to date

The outturn for the financial year 2021/22 is an EBITDA loss of £9.03m and an overall loss of £11.7m. While the results are disappointing, they are in line with other airports and operators within the aviation sector, as the industry continues to be impacted by the global pandemic. TIA had scaled up to accommodate the new flight schedule that had been agreed with airlines. The improved flight schedule was a fantastic achievement for the airport and provided opportunities for people in our region to access new destinations and to open the area to more business opportunities. However, because of the extended period of the pandemic, elements of the new flight schedule were suspended. The loss for the year is ultimately attributable to the under-achievement of revenue and increased scale-up fixed costs. TIA still incurred significant fixed unavoidable overheads due to the nature of the industry, and specifically the need to remain open throughout the pandemic period.

Amidst these short-term challenges, there are some good causes for optimism about the fundamental soundness of the airport and some very positive outcomes from the last 12 months, causing TIA to look forward to the future with optimism.

4.2 Forecast Performance from 2022-25

While the aviation sector is beginning to recover from the crippling effects of the COVID-19 pandemic, it has also been hit with challenges related to the Ukraine-Russia conflict. The industry has faced flight cancellations, rerouting of flights, higher ticket and fuel prices and

issues with sourcing titanium, a key metal used in the manufacturing of aircrafts. These circumstances have required us to update our financial plan. While the objective remains to achieve growth in future years, the impact of these factors is visible on the 2022/23 forecasts. Our forecast EBITDA for 2022/23 is a loss of £5.04m. The plan forecasts a return to a positive EBITDA position by 2025, a year ahead of the original business plan. This is driven by a combination of increased revenues derived from both aeronautical and non-aeronautical income streams, new revenue streams and reduced unit costs arising from growth in passenger numbers.

It should also be noted that this Business Plan update does not incorporate any future revenue streams from the Southside Business Park development, which is strongly expected to deliver significant and reliable levels of support for TIA when it comes on-stream.

4.3 Financing the Business Plan

The Business Plan aims to achieve an EBITDA surplus by 2025. This is a year ahead of the original business plan and is as a result of TIA exploring new revenue streams. This highlights the positive results that are expected from the investment made. Until this point, and to ensure the continued operation of TIA as a going concern, it is intended that further financial support of £20m will be provided by TVCA.

There is no expectation of any increase in funding required above the further £20m by TVCA over the turnaround period up to 2029.

4.4 Output Targets (KPIs)

YEARLY FINANCIALS	21/22	22/23	23/24	24/25
Total passengers ('000s)	98	150	430	584
Aero Income	5,778	8,033	8,460	10,552
Non Aero Income	2,403	5,611	10,615	15,775
Total Revenue	8,181	13,644	19,075	26,327
Total Staff Costs (£'000s)	4,174	4,996	5,465	5,738
Non-Staff Costs and investment valuations (£'000s)	13,610	13,688	16,204	20,038
Total Costs	17,784	18,684	21,669	25,776
EBITDA £'000s	- 9,603	- 5,040	- 2,594	551

5. GOVERNANCE, DELIVERY AND RISK MANAGEMENT

Delivery against the plan will be monitored on a regular basis, with a quarterly report to both the Goosepool and TIA Boards of Directors. The business plan and budget will be reviewed on an annual basis. The business plan will also be presented to the Combined Authority Cabinet in July 2022.

The airport's management capacity has been strengthened and its organisational structure has been modified to prepare for the programmed growth over the coming years - this will be kept under review going forward.

TIA has adopted a robust risk management framework. This includes the regular identification and assessment of the risks that TIA faces and the mitigating actions being taken to minimise the likelihood of the risk materialising or impact should it materialise.

6. SUMMARY OF ACTIONS (2022/3)

KEY ACTION	LEAD	KPI
Increase passenger numbers as per Plan	PF	<ul style="list-style-type: none"> Passenger numbers increased as shown by passenger data collected
Airlines/LCCs – <ul style="list-style-type: none"> Maintain good relationships with current and prospective airline partners to maintain current and secure new routes Explore and potentially secure new airline partnerships and routes 		<ul style="list-style-type: none"> Maintain existing airline contracts Sign new airline contracts Maintain existing routes New routes secured
Holiday Charters	PF	<ul style="list-style-type: none"> Maintain existing charter contracts Sign new charter contracts Maintain existing charter routes Secure new charter routes
Finalise and launch Freight Strategy and generate freight-related income	PF	<ul style="list-style-type: none"> Finalise and agree Freight Strategy, including targeted marketing plan Open and operate new RA facility Deliver marketing plan Generate new freight income to support non-aviation financial targets
Business Park development and generation of estate income as per agreed plans: <ul style="list-style-type: none"> Northside Southside (managed by JV) 	MR	Northside: <ul style="list-style-type: none"> Willis development – secure planning permission, sign contracts and construction to agreed plan complete Draken hangar ongoing estate improvements delivered as planned ongoing tenant management delivery of additional Northside income Southside (managed by JV): <ul style="list-style-type: none"> Road & infrastructure construction delivered as planned Planning permission secured for new Phase 1 buildings New buildings delivered as per agreed timetable Delivery of new Southside income on agreed timetable
Environment/Sustainability – agree and implement Net Zero Strategy, including specifically: <ul style="list-style-type: none"> Contracting for and installing solar electricity generation infrastructure Continuing partnership discussions on development of sustainable aviation fuel 	MR	<ul style="list-style-type: none"> Net Zero Strategy agreed, implemented and delivered to plan Funding secured and contracts signed for solar infrastructure Solar infrastructure installed and operational as planned Solar income generated as planned (accounts)
Events: <ul style="list-style-type: none"> Review potential for events at airport (high-level business case) 	AF/AL	<ul style="list-style-type: none"> Events business case produced and reviewed Events Strategy agreed

<ul style="list-style-type: none"> • If agreed, develop Events Strategy (including protocols) • Generate additional income 		<ul style="list-style-type: none"> • Events protocols agreed and implemented • Additional income generated
Marketing & Communications: <ul style="list-style-type: none"> • Agree annual M&C plan • Support delivery of increased passenger numbers 	CP	<ul style="list-style-type: none"> • Annual Marketing & Comms plan produced, agreed and implemented • Increased passenger numbers
Develop, consult on, agree and implement new People Strategy, including Annual People Plan	AF	<ul style="list-style-type: none"> • People Strategy developed, including Annual People Plan • Staff involvement & consultation as planned • New Strategy agreed and implemented
Meeting financial targets: <ul style="list-style-type: none"> • Aviation income • Non-aviation income including: <ul style="list-style-type: none"> ○ Freight ○ Business Park development 	MD + Direct ors	<ul style="list-style-type: none"> • Additional income generated in line with Plan • Management of costs in line with Plan • Management accounts • Audited accounts

TEESSIDE INTERNATIONAL AIRPORT LIMITED

Annual Report and Financial Statements
for the Year Ended 31 March 2022

Draft

Teesside International Airport Limited

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Teesside International Airport Limited

Company Information

Directors	Ms Alison Anne Fellows Mr Barrie Cooper Mr James Michael Rowlandson Cllr Doris Mary Jones Cllr Eileen Johnson Cllr Glyn Nightingale Mr Richard Andrew Bell Mr Philip Robert Forster Ms Kathryn Willard Mr Andrew Laundon Mr Rob Cook
Company secretary	Endeavour Secretary Limited
Registered office	Teesside International Airport Limited Darlington Durham DL2 1LU
Solicitors	Endeavour Partnership Tobias House St Mark's Court Teesdale Business Park Teesside TS17 6QW
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor 1 Massey Road Thornaby Stockton-on-Tees TS17 6DY

Teesside International Airport Limited

Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the company is the operation of Teesside International Airport and the provision of associated facilities and services.

Fair review of the business

Over the 2021/22 period the airport continued to feel the aftereffects of the Covid 2019 pandemic, which persisted for longer than the industry originally expected. It was only in Spring 2022 that the airport started to see passengers really wanting to travel again, as reflected in the passenger statistics in the table below.



In terms of airport terminal developments: -

- the airport successfully delivered its extensive planned terminal developments to support the delivery of new routes and enhance the airport experience for customers. These developments included a new landside café, refurbished check-in desks, new gate facilities, a new passenger lounge, three new airside bars, the opening of a new landside first floor Sky Bar in June 2022, a World Duty Free store and an airside spa; and
- new office space was also created for the Tees Valley Combined Authority, who moved out of their office accommodation in Stockton and into their new accommodation at the airport in March 2022.

Teesside International Airport Limited

Strategic Report for the Year Ended 31 March 2022 (continued)

The outturn for the financial year 2021/22 is an EBITDA loss of £9.6m and an overall loss of £11.8m, which is in line with the 2021/22 budget. While the results are a loss, they are in line with other airports and operators within the aviation sector, as the industry continued to be impacted by the global pandemic. TIA had scaled up to accommodate the new flight schedule that had been agreed with airlines. However, because of the extended period of the pandemic and continued complications with foreign travel, elements of the new flight schedule were suspended. The loss for the year is ultimately attributable to the under-achievement of revenue and increased scale-up fixed costs. TIA still incurred significant fixed unavoidable overheads due to the nature of the industry, and specifically the need to remain open throughout the pandemic period.

During the year the airport was able to access UK Government assistance of £433,242 provided through the Airport and Ground Operations Support Scheme. This grant was provided by the Department for Transport for the purpose of business rates during the current financial period.

Business development

Based on TIA's ongoing discussions with airlines, following the pandemic our intention remains to increase passenger numbers. Because the travel industry continued to be severely impacted in summer 2021 (due to only some countries being open and the constraints of different countries' travel requirements), the Summer 2022 season is TIA's first real opportunity to demonstrate to airlines that there is passenger demand to travel from the airport.

In terms of route development: -

- Last year a new five-year deal was signed with KLM Royal Dutch Airlines, to continue its service to Amsterdam Schiphol. Flights will increase to 3x daily later in 2022.
- A seven-year agreement was signed last year with Ryanair with summer flights to Palma de Mallorca and Alicante, and now with the addition of Faro and Corfu. Dialogue continues with the company to add other potential routes for Summer 23.
- Loganair provides regular flights to Aberdeen, Belfast, Dublin and Newquay. Loganair had also introduced flights to Heathrow, which were well received by passengers, but unfortunately these became unsustainable when Heathrow's take-off and landing charges increased, along with increases in aviation fuel costs, and the decision was taken to discontinue this route in 2022.
- TUI offers flights to Majorca for Summer 2022, together with (from 2023) Antalya, Turkey. Again, dialogue continues with this company about other potential holiday destinations.
- TIA has also worked with a range of other companies to offer specific seasonal destinations, including Balkan Holidays (Bourgas), Transun (Lapland), Newmarket Holidays (Italian breaks), and Jersey with a range of operators.
- The airport continues discussions with airlines with a view to delivering more airline partnerships, routes and services, and continuing to grow our passenger numbers.

The airport's customer marketing strategy addresses the requirement to drive awareness, primarily focused on business-to-consumer given the significant capacity of summer destinations.

TIA is also looking to grow its income from its business parks and this is a key part of the airport's income growth projections. The estate is large and, alongside the specific projects mentioned below there are opportunities to remove old, unsuitable accommodation and create development platforms for the aviation sector and also general business/employment investment.

Teesside International Airport Limited

Strategic Report for the Year Ended 31 March 2022 (continued)

Northside - a masterplan for the Northside has now been agreed, to attract new business investment and deliver new jobs and growth. Throughout the last year TIA has been working with several existing tenants on the northside estate to support their growth plans. TIA has invested jointly with international company Willis Lease Finance Corporation in the refurbishment of Hangar 2 for use as a Maintenance, Repair and Overhaul facility, which involved Willis and FedEx swapping hangars, with both tenants now in improved and more suitable premises. TIAL has also commenced the construction of a new hangar for Draken (due to be completed Summer 2022), adjacent to its existing facility. This will enable Draken to expand its operational capacity and deliver a new training contract for the MOD.

- Southside - this major logistics, manufacturing and commercial business park will cover 3.4 million square feet across 270 acres of the land at the southside of the airport. Once complete, the development has the potential to create 4,400 jobs and deliver extra revenue to reinvest into the airport. Construction on the main access road into the development and other infrastructure started in Spring 2022, and a planning application was submitted for the phase 1 buildings in June 2022.

TIA has historically handled very little air freight business. Looking forward, the development of a new Freight Strategy, involving new cargo handling facilities and the growth of the cargo business, is a key element of the airport's strategy for growth.

- TIA is investing in a new Regulated Agent facility, with a purpose-built 21,000 sq.ft hangar offering security screening, temporary storage and freight forwarding, with direct landside and airside access; and
- much of the airport's business park estate is located within the Tees Valley Freeport area, offering additional customs zone incentives for businesses to locate or do business here.

TIA continues to develop other revenue sources to reduce reliance on the passenger-related elements of scheduled and charter flying. These include ground-handling and fuelling to commercial, general aviation and military customers.

Community and Environment

The Teesside Airport Foundation is now up and running and the new trustees are working on setting the Foundation's long-term strategy, and designing its case for support and its charitable fundraising activities. It will work to ensure people living in the region reach their potential and go on to find a successful and rewarding career in the Tees Valley.

Work has commenced on a Net Zero strategy for the TIA business, alongside collaborative engagement with the aviation industry on the sector's approach to reducing emissions from aircraft. TIA can introduce practical measures for its own business – such as using green energy and electric/hydrogen fleet vehicles (as demonstrated by the recent hydrogen vehicle trials at the airport) – and, given the Tees Valley's leading role in green technology and process innovation, can bring parties together on matters such as Sustainable Aviation Fuel and green jet engine technology. In respect of the TIA estate, proposals are progressing for a major solar farm which will provide green energy for our business and our business tenants, and also for supply to the national grid.

Regulatory environment

The airport is subject to economic regulation by the Civil Aviation Authority ('CAA'), which is the independent aviation regulator in the UK, responsible for economic regulation, airspace policy, safety and consumer protection.

Teesside International Airport Limited

Strategic Report for the Year Ended 31 March 2022 (continued)

Principal risks and uncertainties

The principal risks facing TIA continue to be those associated with the underlying recovery of the aviation market. The on-going pandemic has had a devastating impact on the aviation industry in general and while restrictions have been removed, it was only in Spring 2022 that we started to see passengers really wanting to fly again.

TIA will continue to work closely with its airline customers, retailers and wider stakeholders to build confidence and offer services that meet the changing needs of our customers.

Passenger numbers can be affected by external factors that TIA have limited control over. For example, severe weather or the increased price of variable costs e.g. fuel and air passenger duty, as this can drive up flight prices. The invasion of Ukraine by Russia is affecting worldwide markets and is having a significant effect on the price of energy, including aviation fuel. Passengers are also facing significant cost of living increases, which may increasingly impact their spending choices.

Competition from other airports both within the UK and across the world for passengers remains a risk; many passengers make marginal choices about which route to fly. Our focus remains to offer a safe, efficient and enjoyable passenger experience in order to continue to compete in the market.

While aviation continues to recover, the airport is well positioned to capitalise on new opportunities in the aviation market.

Future developments

Significant progress has already been made in terms of securing signed contracts for flight programmes, as set out above. TIA continues to work to grow its flight offering all year round.

Also as set out above:-

- TIA is developing its freight strategy, including through investment in new cargo handling facilities as part of the new Freeport designated area; and
- development of TIA's wider estate continues. Plans are approved to build industrial and logistical units on the Southside. The Northside area is being developed to allow aviation growth (including through the potential expansion of Willis's operations at the airport, including a new Jet Centre), logistics distribution, solar energy, IT infrastructure and other sustainable businesses.

Approved and authorised by the Board on and signed on its behalf by:

.....
Mr Philip Robert Forster
Director

Teesside International Airport Limited

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Directors of the company

The directors who held office during the year were as follows:

Ms Alison Anne Fellows
Mr Barrie Cooper (appointed 7 June 2021)
Mr James Michael Rowlandson (appointed 22 June 2021)
Cllr Brenda Loynes (resigned 23 March 2022)
Cllr Matthew Storey (resigned 7 June 2021)
Cllr Doris Mary Jones
Cllr Eileen Johnson
Cllr Glyn Nightingale
Cllr Kevin Joseph Shaw (resigned 22 June 2021)
Cllr Carl Marshall (resigned 22 June 2021)
Mr Richard Andrew Bell (appointed 23 September 2021)
Mr Philip Robert Forster
Mr David John Soley (resigned 11 March 2022)
Ms Kathryn Willard (appointed 11 March 2022)
Mr Martin Vincent Perks (resigned 25 May 2021)
Mr Shaun Andrew Woods (resigned 21 September 2021)
Mr Andrew Laundon (appointed 18 May 2021)

The following director was appointed after the year end:

Mr Rob Cook (appointed 22 June 2022)

Financial instruments

Objectives and policies

The company finances its activities with a combination of group borrowings and cash and short term deposits. Overdrafts are used to satisfy short term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

Price risk, credit risk, liquidity risk and cash flow risk

Price risk

Price risk is the risk that changes in raw material prices have the potential to impact on the profitability of the company. The company does not consider that it is materially exposed to price risk.

Credit risk

Credit risk is the risk that one party of a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. Company policies are aimed at minimising such losses and require customers to satisfy credit worthiness procedures prior to acceptance of contracts. The company does not consider that it is materially exposed to credit risk.

Cash flow and liquidity risk

Cash flow and liquidity risk is the risk that a company's available cash will not be sufficient to meet its financial obligations. The company actively manages its cash flow position including collection of debts and timely payment of creditors. This, coupled with funding provided by group is deemed sufficient to minimise the Company's exposure to cash flow and liquidity risk.

Foreign Exchange risk

Foreign exchange risk refers to the potential for loss from exposure to foreign exchange rate fluctuations. Company policies are aimed at minimising this risk. The company does not consider that it is materially exposed to foreign exchange risk.

Teesside International Airport Limited

Directors' Report for the Year Ended 31 March 2022 (continued)

Future developments

See disclosures in the Strategic Report relating to future developments.

Going concern

The financial statements have been prepared on a going concern basis.

As at 31 March 2022 the company has net current liabilities of £52,806,272 (2021 - £27,487,008) and net liabilities of £9,953,284 (net assets 2021 - £1,843,408). The company meets its day to day working capital requirements through cash generated from operations and utilisation of a loan facility ultimately provided by the Tees Valley Combined Authority. The loan facility is approved for an amount of up to £34.4m which can be drawn down as required over the period to 31 March 2029. A facility for an amount of £23.6m which is to be used to fund the Southside development. The total amount drawn down at the year end under both facilities was £44m and further draw downs are forecast to be made over the next 2-3 years in line with the company's development and expansion plans. The facility is repayable on demand and the directors have received a letter from Tees Valley Combined Authority confirming their continued support for a period of not less than 12 months from the date of signing these financial statements.

The directors have prepared both short term and long term forecasts which indicate that, taking into account reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent, Tees Valley Combined Authority, to meet its liabilities as they fall due for that period. These forecasts include short term reductions in respect of reduced activity as a result of COVID-19 and the directors are confident that medium to long term forecasts will be met based on the success of securing new long term arrangements with airlines as discussed in the Strategic Report.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on and signed on its behalf by:

.....
Mr Philip Robert Forster
Director

Teesside International Airport Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Teesside International Airport Limited

Income Statement for the Year Ended 31 March 2022

	Note	2022 £	2021 £
Turnover	3	7,595,475	4,812,505
Cost of sales		<u>(13,690,141)</u>	<u>(10,814,775)</u>
Gross loss		(6,094,666)	(6,002,270)
Administrative expenses (including exceptional charges of £1,961,554 (2021 - £2,739,104) - see Note 6)		(8,341,716)	(8,336,450)
Other operating income	4	<u>551,798</u>	<u>923,778</u>
Operating loss	5	(13,884,584)	(13,414,942)
Gain on financial assets at fair value through profit and loss account		3,786,853	473,083
Other interest receivable and similar income	7	962	80
Interest payable and similar expenses	8	<u>(1,699,923)</u>	<u>(690,249)</u>
Loss before tax		(11,796,692)	(13,632,028)
Taxation	12	<u>-</u>	<u>727,580</u>
Loss for the financial year		<u><u>(11,796,692)</u></u>	<u><u>(12,904,448)</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 12 to 27 form an integral part of these financial statements.

Teesside International Airport Limited

(Registration number: 02020423)

Statement of Financial Position as at 31 March 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	11,229,090	5,782,035
Investment property	14	30,254,000	20,872,151
Investments	15	2	2
Other financial assets	16	6,000,950	6,000,000
		<u>47,484,042</u>	<u>32,654,188</u>
Current assets			
Stocks	17	322,988	122,979
Debtors	18	5,486,420	2,785,562
Cash at bank and in hand		1,615,212	909,522
		<u>7,424,620</u>	<u>3,818,063</u>
Creditors: Amounts falling due within one year	19	<u>(60,230,892)</u>	<u>(31,305,071)</u>
Net current liabilities		<u>(52,806,272)</u>	<u>(27,487,008)</u>
Total assets less current liabilities		<u>(5,322,230)</u>	<u>5,167,180</u>
Creditors: Amounts falling due after more than one year	19	<u>(1,631,054)</u>	<u>(1,721,915)</u>
Provisions for liabilities	20	<u>(3,000,000)</u>	<u>(1,601,857)</u>
Net (liabilities)/assets		<u>(9,953,284)</u>	<u>1,843,408</u>
Capital and reserves			
Called up share capital	22	19,417,166	19,417,166
Share premium reserve	23	31,627,276	31,627,276
Profit and loss account	23	(79,105,998)	(67,309,306)
Capital contribution reserve	23	18,108,272	18,108,272
Total equity		<u>(9,953,284)</u>	<u>1,843,408</u>

Approved and authorised by the Board on and signed on its behalf by:

.....
Mr Philip Robert Forster
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

Teesside International Airport Limited

Statement of Changes in Equity for the Year Ended 31 March 2022

	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2020	19,417,166	31,627,276	18,108,272	(54,404,858)	14,747,856
Loss for the year	-	-	-	(12,904,448)	(12,904,448)
Total comprehensive income	-	-	-	(12,904,448)	(12,904,448)
At 31 March 2021	<u>19,417,166</u>	<u>31,627,276</u>	<u>18,108,272</u>	<u>(67,309,306)</u>	<u>1,843,408</u>
	Share capital £	Share premium £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2021	19,417,166	31,627,276	18,108,272	(67,309,306)	1,843,408
Loss for the year	-	-	-	(11,796,692)	(11,796,692)
Total comprehensive income	-	-	-	(11,796,692)	(11,796,692)
At 31 March 2022	<u>19,417,166</u>	<u>31,627,276</u>	<u>18,108,272</u>	<u>(79,105,998)</u>	<u>(9,953,284)</u>

The notes on pages 12 to 27 form an integral part of these financial statements.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Teesside International Airport Limited, Darlington, Durham , DL2 1LU.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

As at 31 March 2022 the company has net current liabilities of £52,806,272 (2021 - £27,487,008) and net liabilities of £9,953,284 (net assets 2021 - £1,843,408). The company meets its day to day working capital requirements through cash generated from operations and utilisation of a loan facility ultimately provided by the Tees Valley Combined Authority. The loan facility is approved for an amount of up to £34.4m which can be drawn down as required over the period to 31 March 2029. A facility for an amount of £23.6m which is to be used to fund the Southside development. The total amount drawn down at the year end under both facilities was £44m and further draw downs are forecast to be made over the next 2-3 years in line with the company's development and expansion plans. The facility is repayable on demand and the directors have received a letter from Tees Valley Combined Authority confirming their continued support for a period of not less than 12 months from the date of signing these financial statements.

The directors have prepared both short term and long term forecasts which indicate that, taking into account reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent, Tees Valley Combined Authority, to meet its liabilities as they fall due for that period. These forecasts include short term reductions in respect of reduced activity as a result of COVID-19 and the directors are confident that medium to long term forecasts will be met based on the success of securing new long term arrangements with airlines as discussed in the Strategic Report.

Although the forecasts prepared taking account of the matters above support the ability of the company to remain a going concern and to be able to trade and meet its debts as they fall due, the full ongoing impact of COVID-19, the continued level of government support and the underlying trading assumptions used in forecasting are extremely judgemental and difficult to predict and could be subject to significant variation.

However, based on the factors set out above, the directors believe that there is no material uncertainty in relation to going concern and that the company has adequate financial resources to continue in operational existence for at least twelve months from the date of signing of the financial statements and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and assumptions are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies which effect the amounts recognised in the financial statements are:.

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. In prior years the tangible fixed assets held by the company were significantly impaired on the basis that the underlying operations of the company were loss making. The directors have considered the carrying value of the company's fixed assets and whether any impairment reversals were appropriate in the current year. After considering the current operational performance of the company and the sale proceeds, net of selling costs, of the tangible fixed assets the directors concluded that no reversals were appropriate at this stage.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Valuation of investment properties – investment properties are carried at fair value based on valuations performed by independent qualified professional valuers and application of their methodologies which have been adopted by the directors. The values are based on a combination of the rental yields on the properties and the estimated resale value of land for commercial development purposes. The assumptions applied are inherently subjective and so are subject to a degree of uncertainty. The carrying amount is £30,254,000 (2021 - £20,872,151).

Carrying value of provisions – the company holds a number of provisions, including those relating to onerous contracts, relating to the best estimates of future costs associated with liabilities which existed at the year end. The values are based on the directors best estimates of the likely future cost, utilising third party reports where relevant. The carrying amount is £3,000,000 (2021 - £1,601,857).

Revenue recognition

Turnover comprising airport charges, rental and other income represents amounts receivable by the company in respect of facilities and services provided during the year and is recognised as the services are provided. Turnover is shown net of value added tax.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Government grants

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as related either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of the grant relating to an asset is deferred, it is recognised as deferred income.

Other operating income includes UK Government assistance of £118,556 provided through the Coronavirus Job Retention Scheme during the Covid-19 pandemic. Other operating income also includes £433,242 regarding an Airport and Ground Operations Support Scheme grant provided by the Department for Transport for the purpose of business rates during the current financial period.

Other grants

Grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met.

Tax

The tax for the period comprises deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Runways, lighting & car parks	5 to 100 years
Plant & machinery	5 to 20 years
Fixtures & fittings	3 to 30 years
Motor vehicles	4 to 20 years
Office equipment	2 to 20 years

The runway, terminal buildings and other fixed assets relating to airport operations were fully impaired in previous years.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Investment property

Investment property is measured at fair value. The fair value is based on valuations performed by independent qualified professional valuers and application of their methodologies which have been adopted by the directors. Changes in fair values are recognised in profit or loss.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. Provision is made for obsolete, slow moving or defective items where appropriate.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Defined benefit pension obligation

The company made enhanced defined benefit obligations to 4 retiring employees whilst the company was a contributing employer to the local authority pension scheme. This obligation is a unfunded liability and the annual contributions payable by the company are calculated by the scheme actuary. The company contributions should be sufficient to cover the future obligation. Any movements in excess of the contributions will be accounted in line with FRS 102.

3 Turnover

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022 £	2021 £
Airport operations and provision of associated facilities and services	<u>7,595,475</u>	<u>4,812,505</u>

The analysis of the company's turnover for the year by market is as follows:

	2022 £	2021 £
UK	<u>7,595,475</u>	<u>4,812,505</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Government grants	551,798	886,278
Miscellaneous other operating income	<u>-</u>	<u>37,500</u>
	<u>551,798</u>	<u>923,778</u>

The company has received government assistance via the Coronavirus Job Retention Scheme of £118,556 (2021 - £407,439). This was claimed against the staff costs of the company as reported gross in Note 9 below.

The company also received government assistance via the Airports and Ground Operations Support Scheme of £433,242 (2021 - £478,839).

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

5 Operating loss

Arrived at after charging/(crediting)

	2022	2021
	£	£
Depreciation expense	313,711	102,457
(Profit)/loss on disposal of property, plant and equipment	(4,366)	22,000

6 Exceptional administrative expenses

Exceptional administrative expenses of £1,961,554 (2021 - £2,739,104) represent contract termination costs incurred by Teesside International Airport Limited in exiting contracts in the year, an increase in contractual obligations in relation to maintaining a rail halt and the release of a trade debtor provision. This has resulted in the recognition and increase of onerous provisions.

7 Other interest receivable and similar income

	2022	2021
	£	£
Other finance income	962	80

8 Interest payable and similar expenses

	2022	2021
	£	£
Interest payable on amounts owed to group undertakings	1,699,923	690,249
	1,699,923	690,249

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£	£
Wages and salaries	3,659,345	2,874,293
Social security costs	335,658	266,930
Pension costs, defined contribution scheme	179,478	152,549
	4,174,481	3,293,772

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Administration	40	27
Airport operations	75	62
	115	89

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration	329,346	197,474
Contributions paid to money purchase schemes	13,992	12,179
	<u>343,338</u>	<u>209,653</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>4</u>	<u>3</u>

11 Auditor's remuneration

	2022 £	2021 £
Audit of the financial statements	<u>25,000</u>	<u>25,000</u>
Other fees to auditors		
Taxation compliance services	<u>2,250</u>	<u>2,250</u>

12 Taxation

Tax charged/(credited) in the income statement

	2022 £	2021 £
Deferred taxation		
Arising from origination and reversal of timing differences	-	(742,343)
Deferred tax adjustment to prior periods	<u>-</u>	<u>14,763</u>
Total deferred taxation	<u>-</u>	<u>(727,580)</u>

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

12 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 0% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Loss before tax	<u>(11,796,692)</u>	<u>(13,632,028)</u>
Corporation tax at standard rate	-	(2,590,085)
Effect of revenues exempt from taxation	-	(7,381)
Effect of expense not deductible in determining taxable profit (tax loss)	-	366
UK deferred tax expense relating to changes in tax rates or laws	-	87,335
Increase from tax losses for which no deferred tax asset was recognised	-	1,767,422
Increase in UK and foreign current tax from adjustment for prior periods	<u>-</u>	<u>14,763</u>
Total tax credit	<u>-</u>	<u>(727,580)</u>
Deferred tax		
Deferred tax assets and liabilities		
2022		Liability £
Revaluation of investment properties		2,366,149
Tax losses		<u>(2,366,149)</u>
		<u>-</u>
2021		Liability £
Revaluation of investment properties		2,366,149
Tax losses		<u>(2,366,149)</u>
		<u>-</u>

There are £Nil of unused tax losses (2021 - £18,412,634) and for which no deferred tax asset is recognised in the Statement of Financial Position due to uncertainty over future recoverability.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Tangible assets

	Land and buildings freehold £	Runways, lighting & car parks £	Plant & Machinery £	Motor vehicles £	Fixtures & Fittings £	Office equipment £	Assets under construction £	Total £
Cost or valuation								
At 1 April 2021	19,838,926	22,760,327	4,489,959	5,815,486	973,607	825,652	4,620,815	59,324,772
Additions	-	30,464	4,779,279	75,273	2,374,927	130,684	3,943,822	11,334,449
Disposals	-	-	(2,500,674)	(788,126)	(647,141)	(305,746)	-	(4,241,687)
Transfers	-	-	-	-	-	-	(5,594,996)	(5,594,996)
At 31 March 2022	19,838,926	22,790,791	6,768,564	5,102,633	2,701,393	650,590	2,969,641	60,822,538
Depreciation								
At 1 April 2021	19,838,926	22,331,287	4,298,317	5,713,786	726,376	314,688	319,357	53,542,737
Charge for the year	-	114,566	-	10,992	131,501	56,652	-	313,711
Eliminated on disposal	-	-	(2,591,399)	(788,126)	(717,139)	(166,336)	-	(4,263,000)
At 31 March 2022	19,838,926	22,445,853	1,706,918	4,936,652	140,738	205,004	319,357	49,593,448
Carrying amount								
At 31 March 2022	-	344,938	5,061,646	165,981	2,560,655	445,586	2,650,284	11,229,090
At 31 March 2021	-	429,040	191,642	101,700	247,231	510,964	4,301,458	5,782,035

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Tangible assets (continued)

Impairment

The runway and terminal assets were fully impaired in previous years due to the company incurring large losses. Given the ongoing Covid-19 pandemic and significant uncertainty over the impact on travel and airports the directors believe that it would not be prudent to consider any reversal of impairments at this stage. Amounts capitalised in the current year relate to new assets and developments which the directors consider will create economic benefit going forward.

Contractual commitments for the acquisition of tangible assets

Contractual commitments for the acquisition of tangible assets were as follows:

	2022 £	2021 £
Assets under construction	<u>1,087,000</u>	<u>50,000</u>

14 Investment properties

	2022 £
At 1 April	20,872,151
Transfers to and from property, plant and equipment	5,594,996
Fair value adjustments	<u>3,786,853</u>
At 31 March	<u>30,254,000</u>

Investment properties have been valued at fair value based on valuations performed by independent qualified professional valuers and adoption of their methodologies by the directors. Changes in fair values are recognised in profit or loss.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

15 Investments

	2022 £	2021 £
Investments in joint ventures	<u>2</u>	<u>2</u>
Joint ventures		£
Cost		
At 1 April 2021		<u>2</u>
At 31 March 2022		<u>2</u>
Provision		
At 1 April 2021		<u>-</u>
At 31 March 2022		<u>-</u>
Carrying amount		
At 31 March 2022		<u>2</u>
At 31 March 2021		<u>2</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Joint ventures				
Teesside International Airport Business Park Limited	Cavendish House, Teesdale Business Park, Stockton-On-Tees, TS17 6QY United Kingdom	Ordinary	50%	50%

Joint ventures

Teesside International Airport Business Park Limited

The principal activity of Teesside International Airport Business Park Limited is property management and development.

16 Other financial assets

In the prior year cash was paid into a designated bank account in order that the company could comply with its obligations under an agreement to develop land on the Southside of the airport. In the event certain conditions are not met this sum is payable to other parties to the agreement.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

17 Stocks

	2022 £	2021 £
Raw materials and consumables	<u>322,988</u>	<u>122,979</u>

18 Debtors

	2022 £	2021 £
Current		
Trade debtors	3,544,164	1,222,224
Other debtors	612,229	319,764
Prepayments	<u>1,330,027</u>	<u>1,243,574</u>
	<u>5,486,420</u>	<u>2,785,562</u>

19 Creditors

	2022 £	2021 £
Due within one year		
Trade creditors	4,080,330	1,499,366
Amounts owed to group undertakings	52,785,893	26,817,106
Social security and other taxes	79,991	72,853
Other creditors	223,556	944,214
Accrued expenses	<u>3,061,122</u>	<u>1,971,532</u>
	<u>60,230,892</u>	<u>31,305,071</u>
Due after one year		
Deferred income	<u>1,631,054</u>	<u>1,721,915</u>

Amounts due to group undertakings consists of a working capital facility granted by the immediate parent, Goosepool 2019 Limited. Interest on this facility is charged at 5.09%. All amounts outstanding are repayable on demand. The facility is secured by a fixed and floating charge over the company's land and buildings.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

20 Provisions for liabilities

	Onerous contracts £	Other provisions £	Total £
At 1 April 2021	994,857	607,000	1,601,857
Additional provisions	2,000,000	-	2,000,000
Decrease in existing provisions	(994,857)	393,000	(601,857)
At 31 March 2022	<u>2,000,000</u>	<u>1,000,000</u>	<u>3,000,000</u>

Onerous Provision

Onerous contract provisions relate to the expected future costs arising from contracts which have been exited during the year. These provisions will unwind over the next year.

Other provisions relate to contractual obligations between the company and Network Rail to maintain a rail halt. The estimated costs of repair are £1,000,000.

21 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £179,478 (2021 - £152,549).

Contributions totalling £32,944 (2021 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

Defined benefit

On 30 November 2017 the Company's participation in the Local Government Pension Scheme (LGPS) ceased and all past service liabilities of the Company's employees transferred back to the Local Authorities who were both original majority shareholders of the Company and also participants of the particular pension fund (the Teesside Pension Fund') within the LGPS.

The company made enhanced defined benefit obligations to 4 retiring employees whilst the company was a contributing employer to the local authority pension scheme. This obligation is a unfunded liability and the annual contributions payable by the company are calculated by the scheme actuary. The company contributions should be sufficient to cover the future obligation.

As at 31 March 2022 the actuarial valuation calculated the unfunded liability as £85,000 (2021 - £79,000). This has been included in other creditors at the year end.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. The latest actuarial valuation of the scheme assets and the present value of the defined benefit obligation were carried out at 31 March 2022 was prepared by Hymans Robertson LLP for Middlesbrough Borough Council in accordance with IAS 19 and FRS 102.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

22 Share capital

Allotted, called up and fully paid shares

	No.	2022 £	No.	2021 £
'A' ordinary shares of £0.01 each	54,091,420	540,914	54,091,420	540,914
'B' ordinary shares of £0.01 each	6,625,000	66,250	6,625,000	66,250
Deferred shares of £0.01 each	1,881,000,200	18,810,002	1,881,000,200	18,810,002
	<u>1,941,716,620</u>	<u>19,417,166</u>	<u>1,941,716,620</u>	<u>19,417,166</u>

23 Reserves

Share capital

This reserve records the nominal value of share capital issued.

Share premium

This reserve records amount paid above nominal value on the issue of share capital.

Capital contribution reserve

As part of a change in ownership an amount of £18,108,272 was settled as part of the sale and purchase agreement. This amount was due to the previous shareholder and has been reflected as a capital contribution following settlement.

Profit and loss account

This reserve records retained earnings and accumulated losses.

24 Financial guarantee contracts

The ultimate parent undertaking, Tees Valley Combined Authority, holds a fixed and floating charge over the company's land and buildings in relation to borrowings of the immediate parent, Goosepool 2019 Limited.

Teesside International Airport Limited

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

25 Related party transactions

The company has taken advantage of the exemptions contained in s33.11 of FRS 102 and has not disclosed details of transactions and balances with other entities under the control of Tees Valley Combined Authority.

During the year the company was charged consultancy fees of £3,520 (2021 - £23,232) by Willard KGM Ltd, at the year end creditors include £3,600 (2021 - £2,112) owed to Willard KGM Ltd. Willard KGM Ltd is controlled by Ms K C L Willard who is a director of Goosepool 2019 Limited, this company's immediate parent.

During the year the company purchased goods to the value of £24,746 (2021 - £2,102) from Camerons Brewery Limited, at the year end creditors include £3,270 (2021 - £547) owed to Camerons Brewery Limited. Camerons Brewery Limited is controlled by Mr D J Soley a director of this company.

During the year the company purchased services to the value of £26,357 (2021 - £76,640) from Woods Bros Cleaning Contractors Ltd, at the year end creditors include £Nil (2021 - £15,278) owed to Woods Bros Cleaning Contractors Ltd. Woods Bros Cleaning Contractors Ltd is controlled by Mr J T Woods, a close family member of Mr S Woods, director of this company.

During the year the company purchased services to the value of £Nil (2021 - £9,900) from KJ19 Limited, at the year end creditors include £Nil (2021 - £Nil) owed to KJ19 Limited. KJ19 Limited is controlled by Mr J T Woods, a close family member of Mr S Woods, director of this company.

During the year the company purchased services to the value of £4,579.20 (2021 £0) from Ward Hadaway LLP, at the year end creditors include £2,172 (2021 - £0) owed to Ward Hadaway LLP. A close family member of Ms A Fellows, a director of this company, is a partner at the firm.

During the year the company incurred costs of £1,500,000 (2021 - £1,500,000) related to London Southend Airport Limited. At the year end the company owed £Nil (2021 - £1,500,000) to London Southend Airport Limited. London Southend Airport Limited is a subsidiary of Stobart Aviation Limited. Stobart Aviation Limited is a shareholder in Goosepool 2019 Limited, this company's immediate parent.

26 Parent and ultimate parent undertaking

The company's immediate parent is Goosepool 2019 Limited, incorporated in England and Wales.

The most senior parent entity producing publicly available financial statements is Tees Valley Combined Authority. These financial statements are available upon request from Tees Valley Combined Authority, Teesside Airport Business Suite, Teesside International Airport Limited, Darlington, Durham, DL2 1NJ.

Hartlepool Development Corporation

Draft Constitution

Version 1.1

June 2022

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Document Version Control

Document Title	Date Approved by Board	Replaces Version	In force from:
Constitution Version 1	TBD	NA	TBD

Introduction

1. [Hartlepool Development] Corporation (the “**Corporation**”) is a Mayoral Development Corporation responsible for approximately XX (XX hectares) of land on the [Hartlepool site] at Hartlepool.
2. The Corporation has been established pursuant to the powers devolved to the Tees Valley Mayor under the Tees Valley Combined Authority (Functions) Order 2017. This Constitution reflects this statutory framework and constitutes a direction to the Corporation pursuant to s220 Localism Act 2011.
3. This Constitution takes effect when the required statutory arrangements are enacted.

Objectives

4. The objectives of the Corporation are:
 - a. To further the economic development and regeneration of the Hartlepool area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley's Strategic Economic Plan;
 - b. To attract private sector investment and secure additional jobs, accessible to the people of the Tees Valley;
 - c. To transform and improve the environment of the Corporation area, providing good quality commercial, leisure and housing facilities for the benefit of the people of Hartlepool.
5. In support of these core objectives, the Corporation will work collaboratively with the Tees Valley Combined Authority, Hartlepool Council and other partners to contribute positively to local and Tees Valley-wide initiatives on skills, job opportunities for local people inward investment, transport, sustainable development, culture and tourism.
6. To support the achievement of its core objectives, the Corporation will develop, a Master Plan, setting out how its objectives will be secured by the development of land and infrastructure within its area of responsibility.

Boundary

7. The precise area covered by the Corporation (the “Site”) is shown at Appendix A.

The Board

8. The Chair shall be the Mayor or other Board member nominated by him/her.

9. The Vice-Chair and Board of the Corporation shall be appointed by the Combined Authority, following a proposal put to it by the Mayor.
10. At the Combined Authority Annual General Meeting following a Mayoral election, the incoming Mayor will propose a new Vice-Chair and Board for consideration by the Combined Authority.
11. With the exception of the Mayor, all Board members will serve for a period of 2 years or until the Annual General Meeting following a Mayoral Election but may be reappointed if so proposed by the Mayor.
12. There shall be a minimum of 5 and a maximum of 8 Board Members in total. .
13. A Board member may resign by serving notice on the Mayor.
14. Any Board member may be removed by the Mayor, where there is due cause to do so in accordance with Schedule 21 Localism Act 2011.
15. The Chair of the Board may resign that appointment by serving notice on the Mayor, without resigning membership of the Board. Where the Mayor is the Chair of the Board, they may resign by informing the Combined Authority.
16. All decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in this Constitution. The Board shall seek consensus on all matters, but where consensus cannot be achieved decisions shall be made by majority vote, with the Chair exercising a casting vote.
17. The Corporation may decide on its own procedure, and the procedure of any of its Boards, or workstreams established by the Board.
18. The quorum shall be half of the members in office, rounded up in the event of an uneven number, to include The Mayor.
19. The Group Chief Executive of the Combined Authority shall be appointed as an Associate Member, with the right to participate fully in Board discussions and to receive all papers but not vote.
20. The Corporation shall hold an Annual Meeting to consider any amendments to its procedures, to recommend any changes to this Constitution to the Combined Authority and to make appointments to Committee roles.

The Statutory Officers

21. The Group Chief Executive will serve as Head of Paid Service with overall responsibility for the Corporation's operations and staff, and to act as lead adviser to the Board.
22. The Group Director of Finance & Resources of the Combined Authority (the "Group Director of Finance") shall fulfil the role of Group Director of Finance & Resources of the Corporation. The powers of the Group Director of Finance & Resources are set out in this Constitution and Statute. The Group Director of Finance & Resources shall oversee the interface between the financial responsibilities of the Combined Authority and the Corporation, to ensure the financial integrity of both organisations.
23. The Group Chief Legal Officer is the Monitoring Officer to the Combined Authority (the "**Monitoring Officer**") and the Corporation

Powers of the Corporation

24. Subject to Legislation, this Constitution and any other directions made by the Combined Authority, the Corporation may do anything it considers appropriate for the purposes of securing the regeneration of its area, or for purposes incidental to that objective.
25. The Corporation has a number of specific powers from the Localism Act, as set out below in this section. All of the powers are subject to the overriding objectives set out in paragraph 4, and the provisions of this Constitution, and are summarised as:
 - a. Powers relation to infrastructure
 - i. This includes the power to provide, or facilitate the provision of infrastructure.
 - b. Powers in relation to land
 - i. The power to regenerate or develop land.
 - ii. To bring about the more effective use of land.
 - iii. To provide buildings or other land.
 - iv. To acquire, hold, improve, manage, reclaim, repair or dispose of land, buildings, plant, machinery, equipment or other property.
 - v. To carry out building or other operations, including demolishing buildings.
 - c. Powers to acquire land
 - i. To acquire land in its area or elsewhere, in accordance with the provisions of the Localism Act 2011.
 - d. Powers in relation to acquired land
 - i. To override easements

- ii. To extinguish public rights of way (with the consent of the Secretary of State)
- e. Powers in relation to businesses and companies
 - i. To carry on any business.
 - ii. To form or acquire interests in any business or company.
- f. Financial assistance powers
 - i. To provide financial assistance to any person.
This may be given in any form, including grants, loans, guarantees, investments, or the incurring of expenditure for the benefit of the person assisted.
- g. Powers in relation to discretionary relief from non-domestic rates
 - i. To determine the amount of discretionary rate relief from non-domestic rates (i.e. business rates).
- h. Powers in relation to Planning
 - i. To be the local planning authority, for the purposes of
 - Part 3 of the Town and Country Planning Act 1990,
 - Part 2 of the Planning and Compulsory Purchase Act 2004, and
 - Part 3 of that Act.
 - ii. To have the functions conferred on the local planning authority by the provisions mentioned in Part 1 of Schedule 29 to the Local Government, Planning and Land Act 1980.
 - iii. To have, the functions conferred on the relevant planning authority by Schedule 8 to the Electricity Act 1989 so far as applying to applications for consent under section 37 of that Act.
 - iv. The provisions specified in Part 2 of Schedule 29 to the Local Government, Planning and Land Act 1980 are to have effect, in relation to land and to the MDC, subject to the modifications specified in that Part of that Schedule.
- 26. The MDC can request at any time that the powers it holds in respect of Planning be exercised by Hartlepool Council and may at any time require that any powers so passed be returned to it with immediate effect.
- 27. Hartlepool Council shall continue to be the billing and collecting authority for non-domestic rates for existing operations, except in respect of areas of the Site which are designated as Enterprise Zones where the revenue is received by the Combined Authority.

Decision Making

- 28. The Board must not make any decision which imposes a financial or other liability on Tees Valley Combined Authority.
- 29. The Statutory Officers shall advise the Board when a decision which would be prohibited by

[paragraph 28]

30. Where the Board identifies a significant risk of breaching paragraph 28, it shall recommend to the Board that in their view this gives rise to Breach.
31. A decision by the Corporation to exercise powers in relation to discretionary relief from non-domestic rates which has a significant adverse financial impact upon Hartlepool Council must also be approved by the Leader of Hartlepool Council.

Reporting

32. As soon as reasonably practicable after the end of each financial year, the Corporation must prepare an annual report on how it has exercised its functions during the year, including a copy of its audited statement of accounts for that year, and send that report to the Combined Authority's Cabinet, Overview and Scrutiny Committee and Audit and Governance Committee. The "financial year" shall mean a period of 12 months ending with 31st March.
33. The Corporation's officers shall respond promptly to requests from the Group Director of Finance & Resources, and follow any advice and actions required in a timely manner. The Corporation shall make available any financial information reasonably requested from the Combined Authority, or from Finance Directors of the Combined Authority's constituent councils.

Committees

34. In addition to the Group Audit & Risk committee the Corporation may establish committees of the Board.
35. A workstream may, with agreement of the Board, include persons who are not members of the Corporation. The work of these workstreams, or any recommendations made by them, will be reported back to the Board as part of the Group Chief Executive's standing update or by additional report as appropriate
36. The Board must approve the Terms of Reference of any such committee

Audit and Risk Committee

37. The Corporation shall establish an Audit Committee. The Mayor, with agreement of the Combined Authority, shall appoint a Chair of the Audit Committee. The other members of the Audit Committee shall be appointed by the Board.

Delegations

38. The Corporation may delegate any of its functions to any of its members, committees, or staff.
39. A Committee of the Corporation may delegate any function conferred on it to any member of the Corporation, any sub-committee of the Committee, or any of the Corporation's staff.

40. The Corporation shall establish:

- a. A Scheme of Delegation to include appropriate financial limits;
- b. Procurement Policy which accords with the Public Contract Regulations 2015;
- c. Financial Procedure Rules including provision for setting an annual budget;
- d. A Code of Conduct together with a register of interests;
- e. Provisions relating to the resolution of conflict of interests;
- f. Access to information procedure rules.

Amending the Constitution

41. This Constitution is a living document and shall be amended as the Corporation progresses. Authority is delegated to the Monitoring Officer of the Combined Authority, in consultation with the Group Chief Executive of the Combined Authority, to make amendments to the Constitution to reflect organisational or legislative changes, or to make any minor textual or grammatical corrections. Any other changes shall be agreed by the Combined Authority's Cabinet.

Appendix 1—Plan of the area of responsibility of the Hartlepool Development Corporation

INSERT

Appendix I

RULES OF PROCEDURE

1. Interpretation

- 1.1 The [Hartlepool] Development Corporation is referred to as the "**Development Corporation**" in these rules.
- 1.2 These rules apply to meetings of the Development Corporation Board ("**Board**") and where appropriate to the meetings of the audit committee and workstreams established by the Board.
- 1.3 References in these Rules to the "Chair" mean the Member for the time being presiding at the meeting of the Board, and at a meeting of the Audit Committee or other workstream established by the Board.
- 1.4 These Rules shall be read in conjunction with other parts of the Constitution
- 1.5 These Rules are subject to any statute or other enactment whether passed before or after these Rules came into effect.

2. Annual meeting of the Development Corporation Board

- 2.1 The Annual Meeting will:
 - (a) confirm the Mayor as the person who is to preside at meetings;
 - (b) approve the Members of the Development Corporation; agree the portfolio responsibilities of each of the members and any functions delegated to them;
 - (c) elect the Vice Chair(s);
 - (d) approve the minutes of the last meeting;
 - (e) receive any declarations of interest from Members;
 - (f) receive any announcements from the Mayor and/or the Group Chief Executive;
 - (g) consider any recommendations from the Audit Committee;
 - (h) appoint the Group Audit Committee;
 - (i) appoint such other workstreams as the Development Corporation considers appropriate;
 - (j) appoint the membership of the workstreams referred to in the preceding sub-paragraphs after:
 - (i) deciding the number of members to be appointed to each workstream and their term of office;
 - (k) appoint the Chair and Vice-Chair of the Audit Committee, after considering any proposal put to them by the Committee.

- (l) appoint the Chair and Vice-Chair of the workstreams referred to in the preceding sub-paragraphs;
- (m) appoint to outside bodies;
- (n) agree the officer scheme of delegation;
- (o) consider amendments to the Development Corporation's procedure rules, as appropriate;
- (p) approve the Development Corporation's allowances scheme;
- (q) decide the date and time for the ordinary meetings of the Development Corporation Board;
- (r) consider any other business set out in the agenda for the meeting.

3. Ordinary Meetings of the Development Corporation Board

- 3.1 At an ordinary meeting of the Development Corporation, the Board will:
- (a) approve the minutes of the last meeting;
 - (b) receive any declarations of interest from Members;
 - (c) receive any announcements from the Mayor and/or the Group Chief Executive including those relating to the work or recommendations of any workstreams established by the Board;
 - (d) deal with any business from the last ordinary meeting;
 - (e) receive reports from the Audit Committee or where appropriate any workstream established by the Board;
 - (f) consider any other business specified in the agenda for the meeting. Extraordinary Meetings of the Development Corporation Board

4. Admission of the Public

- 4.1 All meetings of the Board and Audit Committee shall be open to the public, except to the extent that they are excluded whether during the whole or part of the proceedings either:

In accordance with Section 100A(2) of the 1972 Act; or

By resolution passed to exclude the public on the grounds that it is likely, in view of the nature of the business, that if the public were present there would be disclosure to them of exempt information as defined in Section 101 of the 1972 Act. Any such resolution shall identify the business or part of the business to which it applies and state the description, in terms of Schedule 12A to the 1972

Act of the exempt information giving rise to the exclusion of the public.

5. Notice of Meetings

- 5.1 At least five clear days before a meeting of the Board and the Audit Committee, notice of time and place of the intended meeting shall be published at the offices of the Corporation.
- 5.2 An invitation to attend the meeting, specifying an agenda for the meeting shall be left at, or sent by, electronic mail or post to all Development Corporation Members at their usual place of residence, or to such other place as may be requested by a Member.
- 5.3 Lack of an invitation to a Member shall not affect the validity of a meeting.
- 5.4 Agendas and papers for Board meetings and meetings of the Group Audit & Risk Committee will be published on the Corporation website five clear days prior to the meeting date unless ruled commercially or operationally sensitive under Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, with written agreement of the relevant Chair

6. Chair of Meeting

- 6.1 At a meeting, the Chair shall preside. If the Chair is absent, the Vice-Chair shall preside. If both the Chair and the Vice-Chair are absent, the Members present shall choose which Member is to preside at the meeting.
- 6.2 Any power or duty of the Chair in relation to the conduct of the meeting, may be exercised by the person presiding at the meeting.
- 6.3 The ruling of the Chair on the interpretation of these Rules in relation to all questions of order and matters arising in debate, shall be final.

7. Items of Business

- 7.1 No item of business may be considered at any meeting except:
 - the business set out in the agenda;
 - business required by law to be transacted at the annual meeting; or
 - business brought before the meeting by reason of special circumstances, which shall be specified in the minutes, and where the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.
- 7.2 Any business raised under the agenda item any other business shall be for information only and not business requiring a decision, unless agreed by the Chair.

8. Order of Business

- 8.1 Items of business shall be dealt with in the order specified in the agenda for the meeting, except that such order may be varied at the discretion of the Chair, or on a request agreed to by the meeting.

9. Order of Debate

- 9.1 The Chair will introduce each item and may invite a Member or Officer to present it.
- 9.2 Each Member, including Associate Members of the Development Corporation, shall be given an opportunity to speak on the matter and on any recommendations contained in the report.
- 9.3 The order in which anyone will be invited to speak will be decided by the Chair.
- 9.4 Members may speak more than once on the same item, with the agreement of the Chair.
- 9.5 Any Member, when speaking, may move that:
 - (a) an amendment be made to the recommendation(s); or
 - (b) that an item be withdrawn.
- 9.6 Any such motion, if seconded, shall either be agreed by consensus amongst those Members present, or be voted upon.
- 9.7 Subject to the outcome of any such motion, once each Member who wishes to speak has done so, the Chair shall move the item, which if seconded, shall again either be agreed by consensus or shall be voted upon.

10. Duration

- 10.1 At any meeting the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

11. Minutes

- 11.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes should be restricted to their accuracy.

12. Code of Conduct and Protocols

- 12.1 Members and Associate Members shall comply with the provisions of the Development Corporation's Code of Conduct for Members and of any other Codes or Protocols, approved by the Development Corporation Board, including those relating to registering and disclosing pecuniary and other interests.

Access to Information

- 12.2 In accordance with the Local Government Act 1972 as amended:
 - (a) All meetings of the Board and Audit Committee shall be open to the public unless it is likely in view of the nature of the business to be transacted that either

confidential information (as defined in section 100A(3) of the 1972 Act) or information falling within one of the categories of exempt information in Schedule 12A (as amended) of the 1972 Act would be disclosed.

- (b) Copies of the agenda, and reports open to the public will be available for public inspection at least five clear days before a meeting or where the meeting is convened at shorter notice from the time the meeting is convened. If an item is added to the agenda later, the revised agenda and any additional report will be open to inspection from the time it was added to the agenda. Copies of any agenda or reports need not, however, be open to inspection by the public until copies are available to members of the Corporation. In addition, an item of business may be considered urgently, whereby reason of special circumstances, which shall be specified in the minutes, the Chair is of the opinion that the item should be considered at the meeting, as a matter of urgency.
- (c) The Corporation ity will make available for public inspection for six years after a meeting the minutes of the meeting (but excluding any part of the minutes when the meeting was not open to the public or which disclose confidential or exempt information), a summary of any proceedings not open to the public where the minutes open to inspection would not otherwise provide a reasonably fair and coherent record, and the agenda for the meeting and reports relating to items when the meeting was open to the public.
- (d) The author of any report will set out in it a list of those documents (called background papers) relating to the report which in his/her opinion disclose any facts or matters on which the report is based and which have been relied on to a material extent in preparing the report (except for documents which are published works or which disclose confidential or exempt information). Such background papers will remain available for public inspection for four years from the date of the meeting.
- (e) Where information is withheld under these provisions the fact must be made known to the member of the public concerned who shall be advised of the categories of information being withheld and the way in which the withholding of the information can be challenged.

13. Exclusion of Access by the Public to Meetings

13.1 (a) Confidential information – requirement to exclude public

The Public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Confidential information means information given to the Corporation, its Committees and Sub-Committees by a Government department on terms that forbid its public disclosure or information that cannot be publicly disclosed by reason of a Court Order or any enactment.

(b) Exempt information – discretion to exclude public

The public may be excluded from meetings wherever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed.

Exempt information means information falling within the following categories (subject to any qualifications):

- (i) information relating to any individual;
 - (ii) information which is likely to reveal the identity of any individual;
 - (iii) information relating to the financial or business affairs of any particular person (including the authority holding that information);
 - (iv) information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the Combined Authority, its Committees and Sub-Committees or a Minister of the Crown and employees of, or office holders under, the Combined Authority, its Committees and Sub-Committees;
 - (v) information in respect of which a claim to legal professional privilege could be maintained in legal proceedings;
 - (vi) information which reveals that the Combined Authority, its Committees and Sub-Committees proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment;
- (c) Exclusion of Access by the public to reports

If the Proper Officer considers it appropriate, the Corporation and the Group Audit & Risk Committee may exclude access by the public to reports which in the Proper Officer's opinion relate to items during which the meeting is likely not to be open to the public. Such reports will be marked "Not for Publication" together with the category of information likely to be disclosed.

14. Reporting of Proceedings

- 14.1 Without prejudice to the Chair's powers in procedure rule 5.3, and subject to procedure rules 17.1 and 17.2, while any meeting of the Corporation is open to the public any person attending the meeting may report on the meeting, and publish or disseminate any recording at the time of the meeting or after the meeting.
- 14.2 The Chair may decide not to permit oral reporting or oral commentary of the meeting as it takes place, if the person reporting or providing the commentary is present at the meeting.
- 14.3 Where the public are excluded from a meeting in order to prevent the likely disclosure of confidential or exempt information, the chair may also prevent any person from reporting on that meeting employing methods which can be used without that person's presence at the meeting, and which enable persons not at the meeting to see or hear

the proceedings at the meeting, as it takes place or later.

15. General Disturbance

- 15.1 If a general disturbance makes orderly business impossible, the Chair may:
- adjourn the meeting for as long as the Chair considers necessary.
 - call for any part of the meeting room open to the public, to be cleared, if the disturbance is in that part.
- 15.2 If a member of the public interrupts proceedings, the Chair shall warn the person concerned. If they continue to interrupt, the Chair may order them to be removed from the meeting room.
- 15.3 If the Chair considers at any meeting that a Member is behaving improperly or offensively, or is deliberately obstructing business, the Chair may move that the Member should not be heard further. If seconded, the motion shall be voted upon without discussion.
- 15.4 If the Member continues to behave in the same way, the Chair may:
- (a) adjourn the meeting for a specified period; and/or
 - (b) move that the Member leaves the meeting (if seconded such a motion will be voted on without discussion).

16. The Forward Plan

- 16.1 Forward Plans for the Corporation will be prepared to cover a period of four months. The Plans will be updated on a monthly basis.

Contents of the Plan

- 16.2 The Forward Plan will contain details of key decisions which relate to the discharge of Corporation functions and which are proposed to be taken during the period covered by the Forward Plan. The details relating to these key decisions, insofar as they are available or might reasonably be obtained, will be as follows:
- the matter in respect of which a key decision is to be taken;
 - the decision maker's name and title, if any;
 - the date on which, or the period within which the decision is to be made;
 - a list of documents submitted to the decision maker for consideration in relation to the matter, in respect of which the decision is to be taken;
 - the address from which, subject to any prohibition or restriction on their disclosure, copies of or extracts from any document listed, is available;
 - that other documents relevant to the matter may be submitted to the decision maker; and
 - the procedure for requesting details of those documents (if any) as they become available.
- 16.3 For the purposes of the Forward Plan, a "key decision" means a decision of a decision

maker, which in the view is likely to result in the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority's budget for the service or function to which the decision relates; or to be

17. Publication of the Forward Plan

- 17.1 The Forward Plan will be published at least 28 days before the start of the period covered in the Plan.
- 17.2 It will be published on the Combined Authority's website and made available for inspection by the public at the Combined Authority's offices. Exempt information need not be included in the Forward Plan and confidential information cannot be included.

18. Urgent Decisions

- 18.1 Where a decision needs to be taken urgently and it is not practical to convene a quorate meeting of the Board or relevant committee or subcommittee of the Development Corporation, the Group Chief Executive, in consultation with the Chair (or in their absence the Vice Chair) of the Board or relevant committee or subcommittee, the Group Director of Finance and Resources and the Monitoring Officer, has the authority to take an urgent decision.
- 18.2 The Monitoring Officer will maintain a record of all 'urgent' decisions and submit a report on these decisions at least annually to the Cabinet. The report will include a summary of the subject matter of the decisions taken.

19. 20. Confirmatory or minor decisions in writing

- 19.1 Where a decision of a minor or confirmatory nature (for example to confirm of the decisions of an unexpectedly inquorate meeting) the chair of the Board or relevant committee or subcommittee of the Development Corporation may request that confirmation of such a decision be made in writing. A written confirmation of the decision by each member of Board, the committee or subcommittee shall be treated as a decision of that body when it is signed by the Chair of the body, who shall have authority to confirm that decision.
- 19.2 The Monitoring Officer will maintain a record of all written records of decisions and report them to the next meeting of the relevant body and submit a report on these decisions at least annually to the Board. The report will include a summary of the subject matter of the decisions taken by this method.

21. Officers' Interests

- 19.3 If it comes to an Officer's knowledge that a contract in which the Officer has a pecuniary interest, whether direct or indirect, has been, or is proposed to be entered into by the Development Corporation, the Officer shall as soon as reasonably practicable give notice in writing to the Monitoring Officer of the fact that he/she has such an interest.

19.4 An Officer shall be treated as having an indirect pecuniary interest in a contract if he/she would have been so treated by virtue of Section 95 of the Local Government Act 1972 had he/she been a member of the Development Corporation, i.e. the other party to the contract is a company or other person or body (other than a public body) of which the Officer or his/her spouse/partner is a member or employee or partner.

19.5 The Monitoring Officer will keep a record of any such notices/interests and the record shall be open for inspection by any Member of the Development Corporation at its offices.

20. Sealing of Documents

20.1 A decision of the Board or the Mayor (or of a joint committee, committee, subcommittee, person or persons to whom the Cabinet has delegated its powers and duties) shall be sufficient authority for the signing or sealing of any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed.

20.2 22.2 The Common Seal of the Development Corporation shall be kept in a safe place in the custody of the Monitoring Officer and the affixing of the Common Seal shall be attested by the Monitoring Officer or other person nominated by him/her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person (See authority of the Group Chief Executive in accordance with delegation CEO8 (Appendix IV))).

21. Authentication of documents

21.1 23.1 Where any document is necessary for any legal procedure or proceedings on behalf of the Development Corporation it will be signed by the Monitoring Officer or other person nominated by him or her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person.

22. Committees

22.1 24.1 The Board shall at its Annual Meeting each year appoint such committees as are required to be appointed by or under any statute, and may at any time appoint such other joint committees, committees or sub-committees as are necessary to carry out the work of the Corporation but, subject to any statutory provision, may at any time dissolve a joint committee, committee, sub-committee or alter its membership;

22.2 24.2 No joint committee, committee or sub-committee shall continue in office longer than the next Annual Meeting.

22.3 24.3 These procedure rules shall, with any necessary modifications, apply to meetings of committees and sub-committees of the Board. Save where it is otherwise stipulated elsewhere in this Constitution or in legislation, decisions of the committees and subcommittees of the Development Corporation shall be made by way of a simple majority of the Members present and voting, and the Chair shall have not have a second or casting vote.

23. Attendance

- 23.1 25.1 The Monitoring Officer shall record the attendance of each Member at each meeting of the Board and committees and subcommittees of the Development Corporation, and it shall be the responsibility of each Member to sign such a record, if requested.

24. Failure to attend Meetings

- 24.1 Subject to the exceptions prescribed by statute, if a Member of the Development Corporation fails throughout a period of twelve consecutive months to attend any meeting of the Board or the joint committees, committees or subcommittees of the Development Corporation to which they have been appointed, he/she shall (unless the failure to attend was due to a reason approved by the Board before the end of that period), cease to be a Member of the Development Corporation. For the purpose of this provision, the period of failure to attend shall date from the first meeting which the Member could have attended as a Member.

25. Resignation

- 25.1 A person appointed as a Member of the Development Corporation may at any time resign his/her office by a notice of resignation in writing signed by him/her and delivered to the Monitoring Officer and the Chair or Vice Chair of the committee that appointed him/her, as the case may be.

26. Members' Allowances

- 26.1 The Development Corporation may pay travel and subsistence allowances to its Members in accordance with a scheme drawn up and approved by the Board.
- 26.2 The Development Corporation may pay allowances to eligible members, in accordance with recommendations made by the Tees Valley Combined Authority's Independent Remuneration Panel contained in a report submitted by the panel to the Tees Valley Combined Authority Cabinet.

Appendix III

CODES OF CONDUCT

PREAMBLE

FOR INFORMATION ONLY GENERAL PRINCIPLES OF CONDUCT

Preamble

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness

Holders of public office should act solely in terms of the public interest.

Honesty and Integrity

Holders of public office should be truthful and should avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly on merit, using best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Personal Judgement

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others

Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the Development Corporation's Statutory Officers and its other employees.

Duty to Uphold the Law

Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership

Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to change poor behavior wherever it occurs.

NOTE: THIS PREAMBLE AND THE GENERAL PRINCIPLES OF CONDUCT SPECIFIED WITHIN IT ARE FOR INFORMATION ONLY, AND THEY DO NOT FORM A PART OF THE DEVELOPMENT CORPORATION'S CODE OF ENFORCEMENT PURPOSES.

HARTLEPOOL DEVELOPMENT CORPORATION
(THE “DEVELOPMENT CORPORATION”)
CODE OF CONDUCT FOR MEMBERS AND OFFICERS

Members Code of Conduct

Part 1 General Provisions

Introduction and Interpretation

1. (1) This Code applies to **you** as a Member of the Development Corporation when you are acting in that capacity.
- (2) This Code is based upon and is intended to be consistent with the General Principles of Conduct specified in the preamble.
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) This Code does not cover matters in respect of which the Secretary of State may under the Act specifically provide that criminal sanctions will apply.

Interpretation

2. (1) In this Code--
 - “the Act” means the Localism Act 2011
 - “meeting” means any meeting of:-
 - (a) the Development Corporation or the Development Corporation Board;
 - (b) the Development Corporation Group Audit & Risk Committee and any workstream established by the Board

“Member” includes the Mayor, elected and co-opted Members and Associate Members.

General Conduct

3. (1) You must treat others with respect.
- (2) You must not do anything which may cause the Development Corporation to breach any of the equality enactments (as defined in Section 33 of the Equality Act 2006).
- (3) You must not bully any person and you must not intimidate or attempt to intimidate any person who is involved in any complaint about any alleged breach of this Code.
- (4) You must not do anything which compromises or is likely to compromise the impartiality of anyone who works for or on behalf of the Development Corporation.

- (5) You must not conduct yourself in a manner which could reasonably be regarded as bringing the Development Corporation, or your office as a Member of the Development Corporation, into disrepute.
 - (6) You must not use or attempt to use your position as a Member improperly to confer on or secure for yourself or any other person any advantage or disadvantage.
4. When using or authorising the use by others of the resources of the Development Corporation:-
- (1) You must act in accordance with the Development Corporation's reasonable requirements.
 - (2) You must ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (3) You must have regard to the Development Corporation's Transparency Code.
5. You must not prevent, or attempt to prevent, another person from gaining access to information to which they are entitled by law.
6. You must not disclose information which is given to you in confidence, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, unless:-
- (a) you have the consent of a person authorised to give it; or
 - (b) you are required by law to do so; or
 - (c) the disclosure is made to a third party for the purpose of obtaining professional legal advice, provided that the third party agrees not to disclose the information to any other person; or
 - (d) the disclosure is reasonable, in the public interest, made in good faith, and made in compliance with the reasonable requirements of the Development Corporation.
7. Where you have been involved in the making of any decision or the taking of any action by the Development Corporation Board or Group Audit & Risk Committee, or recommendation made by any workstream established by the Board, you must not take part in that scrutiny process other than for the purpose of answering questions or giving evidence relating to the business.
8. (1) When making decisions on any matter you must have regard to any relevant advice provided to you by:
- (a) the Group Chief Executive; or
 - (b) the Group Director of Finance & Resources; or
 - (c) the Monitoring Officer,
- where that Officer is acting pursuant to his or her statutory duties.
- (2) You must give reasons for all decisions in accordance with any statutory requirements

and any reasonable additional requirements imposed by the Development Corporation.

Part 2 Interests

Registration of Members' Interests

9. Subject to paragraph 12, you must register in Development Corporation's register of Members' interests ("Register") information about your personal interests. For the purposes of paragraphs 9 to 15 inclusively 'your personal interests' or 'personal interest' means:-
- (a) any 'disclosable pecuniary interest' (as specified at the Appendix to this Code or as defined by any statutory provisions in force from time to time under the Act) which you know about and which is held by
 - you, or
 - your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you are civil partners; and
 - (b) any other interests held by you as set out in paragraph 11.
10. You must register information about your personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of:-
- this Code being adopted by the Development Corporation;
 - your election or appointment as a Member of the Development Corporation; and of
 - becoming aware of any new interest or change to any registered interest.
11. You have a personal interest in any business of the Development Corporation and for the purposes of paragraph 9(b) where either it relates to or is likely to affect:-
- (a) any body of which you are a Member (or in a position of general control or management) and to which you are appointed or nominated by the Development Corporation;
 - (b) any body which:-
 - (i) exercises functions of a public nature or
 - (ii) is directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member (or in a position of general control or management);

Sensitive Information

12. Where you think that disclosure of the details of any of your personal interests could lead to you, or a person connected with you, being subject to violence or intimidation, you may inform the Monitoring Officer; and if the Monitoring Officer agrees, a note will be made in the Register to the effect that you have a personal interest, details of which are withheld under Section 32 of the Act.

Declaration of Interests

13. Where you attend a meeting and you are, or ought reasonably to be, aware that any of your personal interests are relevant to an item of business which is being considered, then you must disclose to that meeting the existence and nature of that interest at the start of the consideration of that item of business, or when the interest becomes apparent, if later.
14. Where you have a personal interest in any business of the Development Corporation which relates to or is likely to affect a body of a type described in paragraph 11(a) and 11(b)(i), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
15. Where you have a personal interest but, by virtue of paragraph 12, sensitive information relating to it is not registered in the Register, you must indicate to the meeting that you have a personal interest, but you need not disclose the sensitive information to the meeting.
16. Where you attend a meeting, and you are, or ought reasonably to be aware that a decision in relation to any item of business which is to be transacted might reasonably be regarded as affecting your well-being or financial position, or the well-being or financial position of a person described in paragraph 17, to a greater extent than most of the inhabitants of the area affected by the decision, then you must disclose to that meeting the existence and nature of that interest at the start of that item of business, or when the interest becomes apparent, if later.
17. The persons referred to in paragraph 16 are:-
 - (a) a Member of your family;
 - (b) any person with whom you have a close association;
 - (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or a company of which they are a director;
 - (d) any person or body in whom persons described in (a) and (b) have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (e) any body of a type described in paragraph 11 (a) and (b).

Non participation

18. Where you have a personal interest of the type described in paragraph 16 in any business of the Development Corporation, and the interest is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest and the business:-
 - (a) affects your financial position or the financial position of a person or body described in paragraph 17(a) to (e) inclusively; or
 - (b) relates to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body referred to in the preceding sub-paragraph(a),then subject to paragraphs 19 and 20:-

- (a) you may not participate in any discussion of the matter at the meeting;
 - (b) you may not participate in any vote taken on the matter at the meeting;
 - (c) if the interest is not registered, you must disclose the interest to the meeting; and
 - (d) if the interest is not registered and is not the subject of a pending notification, you must notify the Monitoring Officer of the interest within 28 days.
19. Where you have an interest of the type described in paragraph 18 in any business of the Development Corporation, you may attend the meeting and make representations, answer questions or give evidence relating to that business before the business is considered and voted upon, provided the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Disclosable Pecuniary Interests

20. In addition to the requirements of the Act regarding the registration and declaration of a disclosable pecuniary interest, you must also comply with the statutory requirements relating to withdrawal from participating in any discussion or voting on any matter in which you have a disclosable pecuniary interest.

Requirement to leave a meeting room

21. You must comply with any procedural rule or standing order adopted by the Development Corporation which requires a Member to leave the room during any meeting at which a matter in which they have a disclosable pecuniary interest is being discussed.

Part 3

Disclosable Pecuniary Interests

1. The duties to register, disclose and not to participate in respect of any matter in which a Member has a disclosable pecuniary interest are set out in Chapter 7 of the Localism Act 2011.
2. Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) as follows:-

For this purpose:-

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society; “land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant

Authority; “Member” includes a co-opted

member;

“Development Corporation ” means the corporation of which M is a Member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Interest

Employment, office,
trade,
profession or vocation

Prescribed Description

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship	Any payment or provision of any other financial benefit (other than from the Development Corporation) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a Member, or towards the election expenses of M. This includes any payment or financial benefits from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Development Corporation:- <ul style="list-style-type: none"> (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the Development Corporation.
Licenses	Any license (alone or jointly with others) to occupy land in the area of the Development Corporation for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge):- <ul style="list-style-type: none"> (a) the landlord is the Development Corporation; and (b) the tenant is a body in which the relevant person has a beneficial interest
Securities	Any beneficial interest in securities of a body where:- <ul style="list-style-type: none"> (a) that body (to M's knowledge) has a place of business or land in the area of the Development Corporation; and (b) either – <ul style="list-style-type: none"> (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Officers' Code of Conduct

1. Purpose

- 1.1 This code sets out the standards of conduct that the Hartlepool Development Corporation ("the Development Corporation") expects from its Officers. The aim is to promote high standards of conduct and to maintain public confidence in the Development Corporation and its services.

2. General Principles

- 2.1 The public is entitled to expect the highest standards of conduct from all Officers. The role of Officers is to represent the Development Corporation in delivering services to the local community. Officers must perform their duties to the best of their abilities with honesty, integrity, impartiality and objectivity and contribute to the maintenance of high standards in public service. Officers must at all times act in accordance with the trust that the public is entitled to place in them.
- 2.2 This code should be read in conjunction with the Development Corporation's Constitution and other relevant Policies and Procedures.

3. Gifts and Hospitality

- 3.1 All offers of gifts or hospitality should be treated with caution. Where a gift or hospitality could be perceived as an inducement or reward for performing Development Corporation duties, or where acceptance of the gift or hospitality could be open to misinterpretation, Officers should tactfully but firmly refuse the offer.
- 3.2 Gifts of a promotional nature, e.g. calendars, diaries and pens which are of a low monetary value i.e. less than £25 may be accepted.
- 3.3 All offers of gifts and hospitality of £25 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and no later than 28 days from the date of the offer) in a register held by the Senior Administrator.
- 3.4 It is a criminal offence under the Bribery Act 2010 to accept a bribe or to bribe another person. The offence of being bribed will occur where an employee agrees to receive or accepts an advantage (for their own or another's benefit and whether or not he or she actually receives it), in order to carry out the improper performance of a Development Corporation function, or where the advantage may be a reward for already having performed the function improperly.
- 3.5 The offence of bribing another person occurs where an employee offers, promises or gives a financial or other advantage to another person, with the intention that this will induce that person to improperly perform a function or activity, or in order to reward that person for the improper performance of such a function or activity.
- 3.6 Guidance on the Bribery Act indicates that bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or to establish cordial relations, is recognised as an

established and important part of doing business and it is not the intention of the Act to criminalise such behaviour of Officers are in any doubt about the acceptance of a gift or hospitality they should inform the Monitoring Officer in advance (where feasible) and seek advice. Where an employee receives an unsolicited gift or believes that a person is otherwise attempting to influence him or her, the Monitoring Officer should be informed immediately.

- 3.7 Particular care should be taken by Officers concerned with purchasing the award of official contracts or the allocation of grant monies. An Officer who knowingly accepts a gift or favour from a contractor or other person providing services to or seeking services or funding from the Development Corporation may put themselves at risk of a disciplinary investigation. Failure to record offers of gifts and hospitality may also be the subject of investigation by managers.

4. Confidential Information

- 4.1 Officers should treat all information they receive in the course of their employment as confidential to the Development Corporation. Officers must not use information in the Development Corporation's possession to further their private interests or those of their relations and friends. Deliberate exploitation of confidential information for personal gain may result in disciplinary action, including dismissal.
- 4.2 Officers are only permitted to disclose confidential information where it is required by law or where the Development Corporation has agreed to make the information available to the public. Where Officers are in any doubt as to whether they are permitted to release information they must consult their Manager before any disclosure is made.

5. Officer Interests

- 5.1 Officers must disclose any personal conflicts of interest and must not involve themselves in any decisions or matters where their actions could be perceived as biased. A personal conflict may arise where an Officer provides consultancy services in a private capacity which conflict with or are of a similar nature to the Development Corporation's services, or which may result in a reduction of the Development Corporation's services. Another example is where an employee, acting in a private capacity, causes conflict with a service provided by the Development Corporation to a service user.
- 5.2 Officers interests in contracts must be disclosed in writing where Officers have any financial interest, direct or indirect, in any contract which the Development Corporation has entered into or is proposing to enter into, or any application by the Development Corporation for a licence, consent or permission. Officers are also required to identify a partner, relative or close associate who might have a legitimate interest in Development Corporation contracts or services.
- 5.3 Officers must also disclose in writing any interests where they are involved as either as an individual or as a partner in a business or as a Director of a Company or where they have a substantial shareholding in a public or private company which regularly has dealings with the Development Corporation. For this purpose, "substantial" can be defined as more than £5,000 nominal value or 1/100th of the nominal value of the company whichever is the lower. Friendship or membership of an association or society could also influence an Officer's judgements and should be treated in the same way.
- 5.4 If Officers are in any doubt as to what interests they need to declare they should seek guidance from the Monitoring Officer. Failure by Officers to declare interests in contracts or

companies is a criminal

offence. Failure to disclose a conflict of interest may result in disciplinary action.

6. Public Office

- 6.1 Officers who wish to seek public office in a Local Authority other than that with whom they are employed or act for are not generally prevented from doing so unless they occupy politically restricted posts under the Local Government and Housing Act 1989 ("the 1989 Act") but should discuss their intentions and the implications with the Monitoring Officer and seek legal advice.
- 6.2 Officers other than holders of politically restricted posts who become Councilors of other Local Authorities should ensure that their two capacities are kept separate. In particular, they should take care that they do not disclose or use for an unauthorised purpose confidential information which could benefit or cause harm either to the Authority represented or to the Development Corporation.

7. Political Activities

- 7.1 Political activities relate to standing for public elected office, engaging in party political debate in a personal capacity, by speaking or writing in public and canvassing at elections. The ability of Officers to engage in such activities is restricted if they occupy politically restricted posts, as defined by section 2 of the 1989 Act and specified in a list maintained by the Development Corporation as required by that Act.
- 7.2 An employee who proposes to engage in political activities should consider all aspects of this Code and ensure there is no conflict of interest between their duties as an employee and their political activities. Officers who regularly advise Members, regularly have contact with the public or media, or exercise delegated powers should take particular care when they propose to engage in political activities. They must in all cases consult their Manager.
- 7.3 Where Officers are required to advise Members they must do so in ways which do not compromise their political neutrality and must not allow their own personal or political opinion to influence or interfere with their work.

8. Recruitment and Employment

- 8.1 Officers involved in recruitment or decisions relating to discipline, promotion or grading must not be involved where they are related to an applicant or have a close association with an applicant or employee.
- 8.2 All Officers involved in recruitment and selection on behalf of the Development Corporation must be familiar with, and abide by, the Development Corporation's recruitment policy and procedures.
- 8.3 Canvassing of Members of the Development Corporation relating to any employment matter including appointments, is strictly prohibited and may result in disciplinary action.

9. Sustainability Issues

- 9.1 Officers must be aware of their obligation towards improving the environment and in particular ensure the wider long-term implications of their actions are in accordance with Development

Corporation policy.

- 9.2 Officers are required to consider sustainability issues when undertaking their duties, including the procurement of goods and services. In particular they should seek opportunities to improve and promote energy conservation, advocate recycling and waste minimisation, reduce pollution and support Development Corporation initiatives to improve the environment.

10. Diversity

- 10.1 All Members of the local community, customers, contractors, Members and Officers have a right to be treated with fairness and dignity. All Officers are required to comply with the Development Corporation's diversity policies and in accordance with the legal requirements placed upon the Development Corporation.

11. Intellectual Property/Copyright/Lecture Fees

- 11.1 All creative designs, writings and drawings produced by Officers in the course of their duties are the property of the Development Corporation.
- 11.2 All inventions made by Officers remain the property of the Development Corporation if made during the course of their duties. The duties are described in the Officers terms of employment, job description and those arising from an instruction from a manager or other authorised officer of the Development Corporation.
- 11.3 Fees for giving lectures or writing articles may only be retained by Officers where these activities are not integral to their employment or position with the Development Corporation and they are conducted in the Officers own time.
- 11.4 Where Officers are interviewed by the media or agree to give lectures in connection with their official duties the Development Corporation's Head of Communications and Marketing must be consulted on any intended lecture or publication in the press or other media which is connected to their official duties and prior consent of their line manager must be obtained.
- 11.5 Officers should take care when expressing their personal views publicly that they do not undermine confidence in their objectivity in the performance of their duties.

12. Use of the Development Corporation's Facilities

- 12.1 Officers must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value for money to the local community and to avoid legal challenge to the Development Corporation.
- 12.2 The Development Corporation's resources should be used solely in respect of its business. No improper use must be made of premises, vehicles, equipment, stationery or services. A reasonable amount of personal use of ICT and telephone facilities may be made but is subject to any Development Corporation ICT protocols and any arrangements for the payment of personal telephone calls.

13. Performance of Duties

- 13.1 Officers are required to observe agreed working procedures, operational regulations, health and safety rules, regulations, professional codes of practice and the provisions of the

Development

Corporation's Constitution and to carry out reasonable and proper instructions in matters relating to their duties.

13.2 An Officer must not:-

- (a) Fail to discharge through carelessness, or neglect an obligation placed upon him/her by contract or by law;
- (b) Fail to report any matter which he/she is required to report;
- (c) Fail to wear safety clothing or footwear, or use safety equipment which has been issued as being necessary in the interests of health & safety or otherwise fail to have due regard to health & safety requirements.

13.3 Failure to observe the Officers Code of Conduct or any human resources policies and procedures (for instance relating to substance misuse, smoking or ICT protocols) or other Development Corporation policies, regulations or standards, may lead to disciplinary action in accordance with the Development Corporation's disciplinary procedures.

Part 4

Protocol on Member/Officer Relations

1. The Role and Purpose of the Protocol

- 1.1** The Hartlepool Corporation (“the Development Corporation”) strives to carry out its duties and provide services in a way that is effective; efficient in terms of the resources deployed; and responsive to the views and wishes of the people that might be affected by what it does.
- 1.2** Above all, the Development Corporation operates with, and promotes high ethical values and standards in an environment which demands close and effective working relations between all Members and Officers without either seeking to take unfair advantage of their position. This is achieved by means of a culture of mutual respect, trust, courtesy, openness and understanding, in which Members and Officers feel free to speak to one another openly and honestly.
- 1.3** With this in mind, the purpose of this Protocol is not in any way to change that relationship, but to offer guidance to Members and Officers on their respective roles and their working relations with one another, in order to help them to perform more effectively and thereby to ensure the efficient and effective running of the corporation and the delivery of best value services to the local community.
- 1.4** The relations between Members and Officers are complex and varied. This Protocol does not therefore aim to be either prescriptive or comprehensive. It is intended simply to offer guidance on some of the issues which most commonly arise. It is hoped however that the approach which it adopts to these issues will serve as a reference document for dealing with other issues.
- 1.5** This Protocol relies to a large extent on current practice and convention. It does, however, attempt to promote greater clarity and certainty for the benefit of both Members and Officers.
- 1.6** The Protocol also seeks to reflect and bring together the principles underlying the respective Codes of Conduct which apply to Members and Officers. The shared objective of these Codes is to enhance and maintain the integrity (both real and perceived) of Development Corporations and those who work within them and to maintain the very high standards of personal conduct required of all who serve the public.
- 1.7** Development Corporations do not however operate in isolation. The Development Corporation always seeks to work in partnership with other local organisations and agencies and regional and national bodies to the greatest effect for the people of the area. Increasingly the Development Corporation’s Members and Officers are required to represent the Development Corporation on a variety of outside bodies and organisations with statutory and non-statutory links to the Development Corporation. Whilst the procedural aspects of the Protocol relate mainly to the Development Corporation, it is expected that Members and Officers representing the Corporation on outside bodies, continue to maintain the ethos of courtesy, respect and understanding advocated by this Protocol.
- 1.8** The Protocol must be read and operated in the context of all relevant legislation and national and local codes of conduct and the Development Corporation’s Policy on confidential reporting. A copy of the Members’ Code of Conduct and the Confidential Reporting Policy

are reproduced in this part

of the Constitution. Advice and guidance in connection with the Code and Policy, together with this

Protocol can be obtained from the Development Corporation's Monitoring Officer.

2. The Roles of Members and Officers

2.1 Members

The roles of Members of the Development Corporation and Officers employed by the Development Corporation are different, but complementary. Members and Officers are servants of the public and they are indispensable to one another, but their responsibilities are distinct. All Members, including the Mayor, serve only so long as their term of office lasts. Officers are responsible to their Corporation (the Development Corporation). Their job is to give advice to all Members including the Mayor, and to the Corporation, and to carry out the Corporation's work under the direction and control of the Corporation.

Mutual respect between Members and Officers is essential to good governance. Close personal familiarity between individual Members and Officers can change this relationship and prove embarrassing to the Members and Officers.

2.2 The five guiding principles to be followed are that the Development Corporation should be:

Transparent – to ensure that the public are clear about who is responsible for particular decisions.

Understandable – to ensure that the decision-making process is simple, clear and unambiguous to Members, Officers and the public.

Efficient – to enable swift and responsive action.

Accountable – to ensure that decisions are open to scrutiny by Members and by the public and that members of the public are able to measure the Development Corporation's actions against its agreed policies.

Providing Best Value - to promote continuous improvement within the Development Corporation and demonstrate Best Value in ensuring resources are directed appropriately.

2.3 Officers

Officers support and advise the Development Corporation, and the constituent parts of its decision-making processes; implement the Development Corporation's decisions and may themselves take decisions formally delegated to them through the approved Scheme of Delegation. All Officers are required to be politically neutral.

2.4 Both Officers and Members, including the Mayor, must comply in all respects and at all times with their respective Codes of Conduct, not only in their dealings with each other, but also when dealing with partners and the public.

2.5 In particular, it should be recognised that Members of the Development Corporation do not have any special immunity from civil or criminal wrongs that they may commit against fellow Members, Officers or members of the public. Members must ensure that they do not,

therefore, for example, slander or libel another person. During the course of their normal duties for the Development Corporation, Members will only have a qualified (and not an absolute) protection against prosecution or civil action.

- 2.6** Any member of the public (including Officers) can complain to the Development Corporation's Monitoring Officer about a Members' alleged breach of the Development Corporation's Code of Conduct for Members and/or bring private, civil action against a Member. The Auditor can also take legal action against an elected Member and the Development Corporation, as a whole, for any alleged breach of the law.
- 2.7** The Development Corporation has statutory duties with regard to equality issues and in accordance with Development Corporation's Code of Conduct for Members, Members must promote equality by not discriminating against others. Members and Officers should not, therefore, by their behaviour or speech act in a discriminatory way with regard to, for example, a person's age, gender, race, disability, religion, ethnicity, nationality or sexual orientation. Such principles will apply to the implementation of personnel policies, recruitment and promotion as they apply to day to day dealings with fellow human beings.

2.8 Members' expectations

Members can expect from Officers:-

- (a) A commitment to the Development Corporation as whole, and not to any particular political group.
- (b) A working partnership.
- (c) An understanding of and support for the respective roles, workloads and pressures.
- (d) Reasonable and timely response to enquiries and complaints.
- (e) Professional advice, not influenced by political views or preference, which does not compromise the political neutrality of Officers.
- (f) Regular, up to date information on matters that can reasonably be considered appropriate and relevant to their needs, having regard to any individual responsibilities that they have and positions that they hold.
- (g) Awareness of and sensitivity to the political environment.
- (h) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.
- (i) That they have received relevant training and development in order to carry out their role effectively.
- (j) Integrity, mutual support and appropriate confidentiality
- (k) That employees will not use their relationship with Members to advance their personal interests or to influence decisions improperly.
- (l) That Officers will at all times comply with the relevant Code of Conduct.

- (m) Support for the role of Members as the local representatives of the Development Corporation, within the parameters of support approved by the Development Corporation.
- (n) That Officers will promote equality of opportunity in all Development Corporation matters.

2.9 Officers' Expectations

Officers can expect from Members:-

- (a) A working partnership.
- (b) An understanding of and support for the respective roles, workloads and pressures.
- (c) Leadership and direction.
- (d) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.
- (e) Integrity, mutual support and appropriate confidentiality.
- (f) Not to be subject to bullying or harassment or to be put under undue pressure. Members should have regard to the seniority of Officers in determining what are reasonable requests, having regard to the relationship between Members and Officers, and the potential vulnerability of Officers, particularly at junior levels.
- (g) That Members will not use their position or relationship with Officers to advance their personal interests or those of others or to influence decisions improperly.
- (h) That Members will at all times comply with the Development Corporation's Members' Code of Conduct.
- (i) That Members will promote equality of opportunity in all Development Corporation matters.

2.10 Limitations Upon Behaviour

The distinct roles of Members and Officers necessarily impose limitations upon behaviour. By way of illustration, and not as an exclusive list:-

- (a) Close personal, as opposed to working, relationships between Members and Officers can confuse these separate roles and detrimentally affect the proper discharge of the Development Corporation's functions, not least by creating the perception in others that a particular Member or Officer may be securing advantageous treatment.
- (b) The need to maintain the separate roles means that there are limits to the matters on which Members may seek the advice of Officers, both in relation to personal matters and party political issues.
- (c) Relationships with a particular individual or party group should not be such as to create public suspicion that an employee favours that Member or group above others.

2.11 Grievances or

Complaints

Procedure for Officers

- (a) From time to time the relationship between Members and Officers may break down or become strained. Whilst it will always be preferable to resolve matters informally, through conciliation by an appropriate senior manager or Member, Officers will have recourse to a Policy and Procedure relating to grievances, where the matter concerns their employment or to the Development Corporation's Monitoring Officer, as appropriate to the circumstances. In the event of a grievance or complaint being upheld, the matter will be referred to the Group Chief Executive Officer who will decide on the course of action to be taken.

Procedure for Members

- (b) In the event that a Member is dissatisfied with the conduct, behaviour or performance of an Officer, he/she should not raise the matter in public or before the press, as Officers have no means of responding to the same in public. The matter should be raised with an appropriate Officer.

Part 5

Confidential Reporting Policy

This policy enables employees, and other persons working for the Hartlepool Development Corporation (“the Development Corporation”) on Development Corporation premises, together with suppliers and those providing services under a contract with the Development Corporation to voice confidentially serious concerns over alleged malpractice and alleged wrongdoing within the Development Corporation.

Officers will be nominated for the purpose of dealing with concerns raised by employees or other persons under this policy.

1. INTRODUCTION

- 1.1** Employees/Officers are sometimes the first to realise that there may be something seriously wrong, but they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Development Corporation; or they may fear harassment, victimisation or other reprisals. In these circumstances it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.
- 1.2** The Development Corporation is committed to the highest possible standards in the delivery of its services, and for full accountability for those services. In line with that commitment employees are encouraged to come forward and voice any serious concerns they may have about the Development Corporation’s operations. It is recognised that certain matters will have to be dealt with on a confidential basis. This policy makes it clear that you can do so without fear of reprisals. This policy is intended to encourage and enable you to raise serious concerns within the Development Corporation rather than overlooking a problem or “blowing the whistle” outside.
- 1.3** The policy applies to all Officers, employees and any contractors working for the Development Corporation on Development Corporation premises. It also covers suppliers and those providing services under a contract with the Development Corporation in their own premises.

2. AIMS AND SCOPE OF THIS POLICY

- 2.1** This policy aims to:
 - (a) provide avenues for you to raise concerns and receive feedback on any action taken;
 - (b) allow you to take the matter further if you are dissatisfied with the Development Corporation’s response to the concerns expressed; and
 - (c) reassure you that you will be protected from possible reprisals or victimisation
- 2.2** Complaints systems are in place to provide a mechanism for individuals to complain about the standard of service, action or lack of action by the Development Corporation or its employees, which affect our services to the public. If you are an employee there are procedures in place to enable you to lodge a grievance relating to your own employment. The Confidential Reporting

Policy is intended to cover concerns that fall outside the scope of these procedures e.g. malpractice or wrongdoing. Thus any

serious concern that you may have regarding possible malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation (although complaints about Members' conduct will need to be forwarded to the Development Corporation's Monitoring Officer) or others acting on behalf of the Development Corporation, can and should be reported under this policy. Employees and Officers are expected to report malpractice and wrongdoing and may be liable to disciplinary action if they knowingly and deliberately do not disclose information relating to malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation or others acting on behalf of the Development Corporation.

3. WHAT IS MALPRACTICE OR WRONGDOING?

3.1 Malpractice and wrongdoing may be about something which:-

- is unlawful; or
- against the Development Corporation's Procedure Rules or policies; or
- is not in accordance with established standards of practice; or
- amounts to improper conduct by an Officer or a Member.

The overriding concern should be that it would be in the public interest for the malpractice or wrongdoing to be corrected and, if appropriate, sanctions to be applied.

3.2 The following are examples of issues which could be raised under this policy. It is not intended to be an exhaustive list and there may be other matters which could be dealt with under the policy:

- (a) any unlawful act or omission, whether criminal or a breach of civil law
- (b) maladministration, as defined by the Local Government Ombudsman
- (c) breach of any statutory code of practice
- (d) breach of, or failure to implement or comply with any policy determined by the Development Corporation
- (e) failure to comply with appropriate professional standards or other established standards of practice
- (f) corruption or fraud
- (g) actions which are likely to cause physical danger to any person, or give rise to a risk of significant damage to property
- (h) failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Combined Authority or would otherwise seriously prejudice the Development Corporation
- (i) abuse of power, or the use of the Development Corporation's powers and authority for any unauthorised or ulterior purpose
- (j) unfair discrimination in the Development Corporation's employment or services

- (k) dangerous procedures risking health and safety
- (l) damage to the environment
- (m) other unethical conduct

4. SAFEGUARDS

4.1 HARASSMENT OR VICTIMISATION

The decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice or from the Development Corporation as a whole. The Development Corporation will not tolerate any harassment or victimisation and will take appropriate action in order to protect you if you raise a concern in good faith. In addition you are protected in law by the Public Interest Disclosure Act 1998, which gives employees protection from detriment and dismissal where they have made a protected disclosure, provided the legal requirements of the Act are satisfied.

This does not however necessarily mean that if you are already the subject of disciplinary procedures that those procedures will be halted as a result of a concern being raised under this policy.

4.2 CONFIDENTIALITY

It will be easier to follow up and to verify complaints if complainants are prepared to give their names. However, wherever possible the Development Corporation will protect those who do not want their names to be disclosed. It must be appreciated that any investigation process may nonetheless reveal the source of the information and that a statement from you may be required as part of the evidence.

4.3 ANONYMOUS ALLEGATIONS

Concerns expressed anonymously are much less powerful, and they will be treated with caution and considered at the discretion of the Development Corporation. In exercising this discretion, the factors to be taken into account would include:

- (a) the seriousness of the issues raised.
- (b) the credibility of the concern; and
- (c) the likelihood of obtaining the necessary information and confirmation of the allegation.

4.4 DELIBERATELY FALSE OR MALICIOUS ALLEGATIONS

The Development Corporation will view very seriously any deliberately false or malicious allegations it receives and will regard the making of any deliberately false or malicious allegations by any employee as a serious disciplinary offence which could result in dismissal.

If you make an allegation in good faith but it is not confirmed by the investigation, no action will be taken against you.

The Development Corporation will try to ensure that the negative impact of either a malicious or unfounded allegation about any employee is minimised. However, it must be acknowledged that it may not be possible to prevent all of the repercussions potentially involved.

5. HOW DO I RAISE A CONCERN?

5.1 If you suspect wrongdoing in the workplace:

- **do not** approach or accuse the individuals directly
- **do not** try to investigate the matter yourself
- **do not** convey your suspicions to anyone other than those with the proper authority, but **do** something!

5.2 As a first step, you should normally raise concerns with your immediate manager or supervisor. However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that senior management is involved in the matter of concern, or the normal channels of communication are inappropriate for some reason, as an employee of the Corporation you should approach a Nominated Officer (HR Advisor). If you feel that this would be inappropriate in the light of the particular matter concerned, or if you are not a Development Corporation employee, you can contact the Development Corporation's Monitoring Officer.

5.3 Concerns may be raised verbally but are better raised in writing. You are invited to set out the background and history of the concern giving relevant names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing you can telephone or meet the appropriate Officer.

5.4 The earlier a concern is expressed, the easier it is to take appropriate action.

5.5 Although you are not expected to prove the truth of an allegation that is made, it will be necessary for you to demonstrate to the person contacted that there are sufficient grounds for concern.

5.6 Advice and guidance on how matters of concern may be pursued can be obtained from the Development Corporation's Monitoring Officer.

5.7 Alternatively, you may wish to seek advice from your professional association.

6. HOW THE DEVELOPMENT CORPORATION WILL RESPOND

6.1 The action taken by the Development Corporation will depend on the nature of the concern. Where appropriate, the matters raised may:

- be investigated by management, internal audit, or through the disciplinary process
- be referred to the Police
- be referred to the external Auditor
- need to be the subject of a referral to the Development Corporation's Monitoring Officer
- form the subject of an independent enquiry

- 6.2** In order to protect individuals and the Development Corporation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example allegations of breaches of the Development Corporation's Code of Conduct, or discrimination issues) will normally be referred for consideration under these procedures.
- 6.3** Some concerns may be resolved by agreed action without the need for investigation.
- 6.4** Within 14 calendar days of a concern being raised under this procedure the relevant Officer will write to you:
- (a) acknowledging that the concern has been received;
 - (b) indicating how it is proposed to deal with the matter;
 - (c) giving an estimate (so far as reasonably practicable) as to how long it will take to provide a final response;
 - (d) telling you whether any initial enquiries have been made; and
 - (e) telling you whether further investigations will take place and if not, why not.
- 6.5** The amount of contact between you and the Officers considering the issues will depend on the nature of the matters raised; the potential difficulties involved; and the clarity of information provided. If necessary, further information will be sought from you.
- 6.6** Where any meeting is arranged, you have the right, if you so wish, to be accompanied by someone who is not involved in the area of work and/or the matter to which the concern relates.
- 6.7** The Development Corporation will take appropriate steps to minimise any difficulties you may experience as a result of raising a concern. For example, if you are required to give evidence in criminal or disciplinary proceedings the Development Corporation will advise you about the procedure.
- 6.8** The Development Corporation accepts that you need to be reassured that the matter has been properly addressed. Therefore, subject to any legal restraints, you will receive as much information as possible about the outcomes of any investigation.

7. HOW CAN I TAKE THE MATTER FURTHER?

- 7.1** This policy is intended to provide employees and other persons with an avenue to raise concerns **within** the Development Corporation and it is hoped that you will take this option in the first place. The Development Corporation hopes you will be satisfied with the action taken under the policy. If you are not, and you feel it is right to take the matter outside the Development Corporation, then depending upon the nature of the issue involved, the following are possible contactpoints:
- a) the External Auditor
 - b) relevant professional bodies or regulatory organisations
 - c) the Police
 - d) the Local Government Ombudsman

- e) Public Concern at Work
- f) an independent legal adviser within the meaning of the Public Interest Disclosure Act 1998
- g) a regulatory body designated for the purposes of the Public Interest Disclosure Act

7.2 If you do wish to take the matter outside the Development Corporation, you must first ensure that you do not disclose confidential information. Check with the Compliance & Governance Manager or the Monitoring Officer about that. In addition, if you wish to secure the protections afforded by the Public Interest Disclosure Act, you must ensure that your disclosure is protected within the meaning of the Act and that it complies with a set of specific conditions which vary according to whom the disclosure is made. Again please check with the Compliance & Governance Manager or the Monitoring Officer about these matters.

8. RESPONSIBILITY FOR THE POLICY

8.1 The responsibility for the effectiveness of this policy rests with the Monitoring Officer. That Officer will be advised about and maintain records of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Development Corporation or one of its Committees.

Appendix IV

FINANCIAL REGULATIONS

1. Purpose and Scope

- 1.1 These regulations form part of the Development Corporation's Constitution and they set out the financial management policies of the Hartlepool Development Corporation (The Development Corporation) and are a key part of the Corporation's financial governance arrangements. All references to The Development Corporation within these financial regulations shall be taken to include all Development Corporation Group entities.
- 1.2 These regulations lay down for the guidance of Members and Officers, principles to be followed in securing the proper administration of the financial affairs of the Development Corporation.
- 1.3 It is important that these Regulations are, and continue to be, relevant to the Development Corporation. They should be reviewed regularly to remain consistent with the Development Corporation's Constitution and related documentation and be in line with best practice and legislation.
- 1.4 Where references are made to Group entities and/or activities that may on occasion conflict with a Subscription and Shareholders Agreement (SSHA) of Group entities these Financial regulations will prevail.

2. Role of the Development Corporation

- 2.1 Many of the responsibilities for financial matters are defined within the constitution of which these regulations form part and the Scheme of Delegation. Responsibilities are either reserved for the Development Corporation's Board to exercise or delegate to specific officers such as the Group Chief Executive Officer and Director of Finance & Resources.
- 2.2 The Development Corporation has overall responsibility for ensuring that the Development Corporation's expenditure remains within the resources available to it.

- 3. The Development Corporation is responsible for approving the Financial Control Framework of the Development Corporation.

Role of the Group Director of Finance & Resources

- 3.1 The Group Director of Finance & Resources, shall be responsible for ensuring the proper administration of the Development Corporation's financial affairs.
- 3.2 The Group Director of Finance & Resources shall issue and keep under

continuous review, such instructions, advice or procedures relating to financial matters as he or she considers necessary to secure the proper administration of the Development Corporation's financial affairs.

- 3.3 The Group Director of Finance & Resources is responsible for reporting, where appropriate, breaches of Financial Regulations.
- 3.4 The Group Director of Finance & Resources has responsibility for ensuring compliance with the requirements of the Accounts and Audit Regulations relating to accounting records, control systems and audit.
- 3.5 If any financial issues arise which result in any uncertainty or ambiguity as to the correct procedure to follow under these regulations, then the Group Director of Finance & Resources shall have delegated powers to give a valid direction as to the appropriate procedure to follow.
- 3.6 The Group Director of Finance & Resources for the Development Corporation is fulfilled by the Group Director of Finance & Resources for the Combined Authority. If significant conflicts of interest arise between these two roles, these will be identified, and discussed with the Group Chief Executive Officer, who may direct another person to temporarily fulfil the role of Group Director of Finance & Resources for the purpose of resolving the significant conflict of interest.

4. Role of the Officers and Group entities ("the Group")

- 4.1 Chief Officers shall promote the financial management standards set by the Group Director of Finance & Resources and shall adhere to the standards and practices set down in these regulations.
- 4.2 It is the responsibility of Officers to consult with the Group Director of Finance & Resources and seek advice on any matters likely to have a material effect on the Development Corporation finances, before any decision is made.
- 4.3 If any Chief Officer or officer acting on behalf of the Development Corporation is aware of any contravention to these Financial Regulations, they must immediately notify the Group Director of Finance & Resources who shall determine appropriate action.

5. Accounting Policies

- 5.1 The Group Director of Finance & Resources is responsible for selecting Accounting Policies and ensuring that they are applied consistently. The key controls in Accounting Policies are that:
 - (a) Systems of internal control are in place to ensure that financial transactions are lawful.

- (b) Proper accounting records are determined and maintained.
- (c) Financial statements are prepared which represent fairly the financial position of the Development Corporation and its income and expenditure.

6. Financial Planning

- 6.1 The Group Director of Finance & Resources shall determine the appropriate timetable for the preparation of the annual budget that conforms to the statutory deadlines.
- 6.2 Each financial year, as part of the ongoing financial strategy, the Group, in consultation with the Group Director of Finance & Resources, will develop annual revenue and capital budget proposals for consideration by the Development Corporation's Board.
- 6.3 The Group shall prepare a statement of all resources and approvals covering a rolling programme identifying all approved schemes and programmes.
- 6.4 The Group Director of Finance & Resources will advise the Development Corporation on the robustness of budget proposals in accordance with his / her responsibilities under these financial regulations.
- 6.5 All revenue reserves held by the Development Corporation will be kept under review by the Group Director of Finance & Resources with a view to ensuring that they are spent on their specified purposes and that planned expenditure is properly phased.
- 6.6 The Group Director of Finance & Resources will also advise the Development Corporation on the prudent level of reserves and general balances.
- 6.7 The Group Chief Executive and Group Director of Finance & Resources will recommend approval of investment plans to the Development Corporation.

7. Financial Management – Revenue and Capital

Budget Monitoring and Control

- 7.1 The Group are responsible for monitoring their income and expenditure against the revenue and capital budgets approved by the Development Corporation.
- 7.2 The Group Director of Finance & Resources will establish an appropriate framework of financial management and control for the Development Corporation which ensures that;
 - (a) budget management is exercised within approved Development Corporation revenue and capital budgets;

- (b) expenditure and income is monitored using information held on the Development Corporation's corporate financial information system;
 - (c) timely and sufficient information on receipts and payments on each budget is available to enable managers to fulfil their budgetary responsibilities;
 - (d) additions and changes to approved expenditure plans require approval by the Board.
- 7.3 The Group must personally ensure that any information which suggests a potentially significant variation against their approved budget (both overspends and underspends) is notified at the earliest opportunity to the Group Director of Finance & Resources. Where appropriate, the Group Director of Finance & Resources shall prepare a specific report for the Development Corporation to consider the proposed approach to mitigate the effects of such variation.
- 7.4 Where additional revenue or capital resources become available, or are forecast to become available, the Group must notify the Group Director of Finance & Resources at the earliest opportunity.
- 7.5 The Group Director of Finance & Resources will prepare revenue and capital budget monitoring reports in conjunction with the Group for presentation to the Development Corporation on a regular basis. The frequency and content of these reports shall be determined by the Group Director of Finance & Resources, in consultation with the Development Corporation's Board.
- 7.6 Where the Group wish to propose new capital and revenue schemes or blocks for inclusion in the Development Corporation's programme, they must first consult the Group Director of Finance & Resources who will determine the approach to be taken for approval of the proposal. The proposals would need to be approved by the Development Corporation following advice from the Group Director of Finance & Resources.
- 7.7 Bids for external funding to support capital and revenue expenditure cannot take place until approved by the Group Director of Finance & Resources.
- 7.8 Expenditure cannot take place unless the scheme or programme is fully funded and approved.

8. Treasury Management

- 8.1 The Development Corporation's Treasury Management activities shall be defined as the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 8.2 All Treasury Management activity shall be undertaken in full compliance with the Chartered Institute of Public Finance & Resources and Accountancy's Code of

Practice: Treasury Management in Public Services (revised 2011) as may be revised from time to time or such other practices and procedures as may be approved by the Development Corporation.

- 8.3 Only the Group Director of Finance & Resources may enter into any borrowing, investment and financing arrangements on behalf of the Development Corporation.
- 8.4 The Group shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the prior approval of the Group Director of Finance & Resources.
- 8.5 The Group Director of Finance & Resources is responsible for formulating an annual Borrowing and Treasury Management Strategy for approval by the Development Corporation in advance of the year together with providing a mid-year review and annual report after its close.

9. Banking Arrangements, Cheque Security and Credit Cards

- 9.1 No Group officer/entity other than the Group Director of Finance & Resources may open any bank account in the name of the Development Corporation
- 9.2 The Development Corporation's banking terms and overdraft arrangements shall be agreed by the Group Director of Finance & Resources.
- 9.3 All arrangements for the ordering and issuing of cheques shall be agreed by the Group Director of Finance & Resources, who shall make proper arrangements for their custody.
- 9.4 All cheques drawn on behalf of the Development Corporation shall be signed by 2 of the 3 key nominated signatories – Group Chief Executive Officer, the Group Director of Finance & Resources and the Engineering & Programme Director.
- 9.5 Credit cards, charge cards and other payment methods held in the Authority's name may only be opened, closed and managed by the Group Director of Finance & Resources.
- 9.6 The Group Director of Finance & Resources will ensure that bank reconciliations are completed on at least a monthly basis.

10. External Funding / Grants

- 10.1 The Group Director of Finance & Resources must be consulted on and approve all submissions to central government, European Union, Tees Valley Combined Authority and external bodies for funding. Prior to making any submission in relation

to external funding, the Group must ensure that:

- (a) an exit strategy is identified to manage the ultimate cessation of the funding stream with no adverse impact on the Development Corporation;
 - (b) any match-funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements; and
 - (c) they are able to comply with the terms and conditions of a grant scheme, including auditor certification requirements, before accepting them.
- 10.2 The Group must seek approval from the Group Director of Finance & Resources before accepting any offer of funding from external bodies.
- 10.3 The Group are responsible for ensuring that all expenditure to be funded by grant is properly incurred in accordance with the requirements and conditions of the funding body, and is supported by adequate evidence.
- 10.4 The Group are responsible for ensuring the completion and submission of grant claims. The Group must also ensure that grant claims comply with the requirements and grant conditions of the funding body, are submitted promptly, supported by adequate evidence and approved by the Group Director of Finance & Resources.
- 10.5 The Group are responsible for ensuring that any legal implications and risks of working with third parties are appropriately addressed. This will include any back to back agreements as required.

11. Income

- 11.1 All monies received on behalf of the Development Corporation shall be paid in full into the Development Corporation's bank account without delay.
- 11.2 The Group shall ensure that all accounts for income due to the Development Corporation are raised within five days on an official sales invoice which provides particulars of all charges to be made for work done, services rendered, or goods.
- 11.3 The Group Director of Finance & Resources shall be notified promptly of all money due to the Development Corporation and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money.
- 11.4 Any proposal to introduce charges or make changes to existing charges for the provision of services must be approved by the Group Director of Finance & Resources.
- 11.5 Any write off of unrecoverable debt should be in accordance with the write off criteria set by The Group Director of Finance Resources.

12. Ordering of and Payments for Works Goods and Services

- 12.1 Wherever possible a purchase order is required for all purchases of goods and services and these must be raised within the Development Corporation's financial system.
- 12.2 The Group must ensure that orders represent legitimate liabilities of the Development Corporation, sufficient budgetary provision exists to cover the payment and expenditure is correctly coded.
- 12.3 All orders for goods and services must be made in accordance with the Development Corporation's Procurement Policy.
- 12.4 All purchase orders and payments must be approved as detailed in the Scheme of Delegation.
- 12.5 The Group have the responsibility to ensure that payments are made within the terms of the contract and legislative requirements.

13. Insurance & Risk Management

- 13.1 The Group Director of Finance & Resources shall be responsible for ensuring that all insurable risks of the Development Corporation are adequately covered, for maintaining the necessary records and for managing all claims on behalf of the Development Corporation.
- 13.2 The Group shall notify the Group Director of Finance & Resources promptly of all risks, liabilities, properties or vehicles which are required to be insured, and of any alterations affecting risk or insurances indicating the amount of cover required.
- 13.3 The Group shall immediately notify the Group Director of Finance & Resources of any fire, loss, accident or other event that may give rise to a claim against the Development Corporation's insurers.
- 13.4 Directors are responsible for ensuring that a register of significant risks is maintained, reported and monitored.

14. Internal Audit

- 14.1 The Group Director of Finance & Resources shall be responsible for maintaining an internal audit of all accounts and financial transactions of the Development Corporation, and shall satisfy himself/herself as to security arrangements for the custody and safeguarding of the Development Corporation's assets as laid down in any legislation applicable to the Development Corporation and any relevant codes of practice adopted by the Development Corporation.
- 14.2 The Group Director of Finance & Resources, or nominated individuals

undertaking internal audit functions, shall have authority to all relevant records of any Service, and shall be entitled to require the production property and to obtain information or explanations with regard to any matters under examination.

- 14.3 The Group shall notify the Group Director of Finance & Resources immediately of any circumstances which may suggest the possibility of irregularity or loss affecting the Development Corporation. Where the Group Director of Finance & Resources considers that an irregularity may have occurred, action shall be taken by way of an investigation and report.
- 14.4 Directors shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are implemented in a timely manner.
- 14.5 The Group Chief Executive and Group Director of Finance & Resources (the Statutory Officers), as outlined in clause 28 of the Development Corporation's Constitution, shall advise the Board when a Referral Decision may be required.
- 14.6 The Development Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision (Clause 33 of the Constitution) and notify the Group Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or the Combined Authority's liabilities.

15. Arrangements with external Organisation

- 15.1 The Group Director of Finance & Resources must be consulted prior to the establishment of any financial arrangements as part of partnerships or joint arrangements with external companies, other public organisations and community and voluntary groups. No partnership or joint arrangements shall be entered into without the approval of the Development Corporation.
- 15.2 Directors must confirm whether any arrangement requires the Development Corporation to be designated an 'Accountable Body'. Where this is the case, the Group Director of Finance & Resources must be consulted and approval of the Development Corporation must be obtained prior to the arrangement becoming operational.
- 15.3 The financial arrangements of all partnerships where the Development Corporation is the Accountable Body should meet the requirements of the Development Corporation's Financial Procedure Rules and Contract Procedure Rules.

Appendix V

SCHEME OF DELEGATIONS TO CHIEF OFFICERS

1. Introduction

This Scheme of Delegation has been adopted by the Board (meaning the members of the Hartlepool Development Corporation meet as such) and can only be altered by the Board.

The roles of Group Chief Executive Officer and Group Director of Finance and Resources of the Development Corporation are discharged by the Group Chief Executive Officer and Group Director of Finance and Resources respectively.

The scope of this Scheme of Delegation applies to the MDC where defined below: -

MDC Board approves, and/or delegates to its statutory officers in consultation with the Chair, the necessary matters reserved for Board

1.1 Group Chief Executive Officer (CEO)

The CEO shall fulfil the statutory role of Accounting Officer. The CEO is responsible for the corporate management and overall operational capacity of the Development Corporation, including the strategic management of all of the Development Corporation's staff.

The CEO is appointed the Proper Officer for the purpose of receiving a list of the Development Corporation's politically restricted posts.

The CEO cannot be the Monitoring Officer.

1.2. Monitoring Officer

Under the provisions of s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the Monitoring Officer) shall apply as if the Corporation were a Committee to the Combined Authority. The Monitoring Officer will be responsible for promoting and maintaining high standards of conduct. The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration and probity to all Members and provide a comprehensive service to the Development Corporation Board.

The Monitoring Officer to the Development Corporation is appointed the Proper Officer in relation to the following functions under the Local Government Act 1972:

Determination of those reports which should be available for public inspection prior to a meeting of the Development Corporation Board, the Audit and Risk Committee and any other of the Development Corporation and those which are likely to be heard in private and consequently which should not be released to the public (section 100B (2)).

- a) Provision of documents to the press, additional to committee reports (section 100B(7)).
- b) Preparing written summaries of proceedings (section 100C (2)).
- c) Making arrangements for lists of background papers to reports to be compiled, and for copies of documents on those lists to be made available for public inspection (section 100D (1))
- d) Advising on what may or may not be a background paper for the purposes of reports which are open to public inspection (section 100D (5))
- e) Determination of documents disclosing exempt information which may not be inspected by Members (section 100F (2)).
- f) Signature or authentication of Summonses to the Development Corporation Board (paragraph 4 (1A) (b) of Schedule 12).
- g) Declaration and Certificates with regard to securities (section 146 (1)(a) and(b)).
- h) Deposit of documents (section 225 (1)).
- i) Certifications of photographic copies of documents (section 229 (5)).
- j) Issuing and signing of formal notices (section 234 (1) and (2)).

The Monitoring Officer is also appointed the Proper Officer for the following purposes:-

- k) Certification of copies of resolutions, minutes, other documents.
- l) Exceptions to the overview and scrutiny and publicity requirements relating to key decisions (the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017).

The Monitoring Officer will maintain an up to date Register of Member's interests and an up to date version of the Constitution and will ensure that it is widely available for consideration by Members, officers and the public.

The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct and be responsible for the receipt and acknowledgement of complaints of failure by a Member of the Development Corporation to comply with the Members Code of Conduct.

The Monitoring Officer cannot be the Group Chief Executive Officer or the Group Director of Finance & Resources.

1.3 Group Director of Finance & Resources

The Group Director of Finance & Resources has responsibility for ensuring lawfulness and financial prudence of decision making. The Group Director of Finance & Resources is appointed Proper Officer in relation to the following:

- a) receipt of money due from officers (Local Government Act 1972, section 115 (2); and
- b) proper administration of the financial affairs of the Development Corporation.

The Group Director of Finance & Resources will provide advice and guidance to all Members on financial impropriety and budgetary issues and will report to the Development Corporation regarding any proposal, decision or course of action that will involve incurring unlawful expenditure, or that is unlawful and is likely to cause a loss or deficiency on the part of the Development Corporation (including all entities within the Development Corporation Group), or if the Development Corporation, or any of its Group entities, is about to enter an item of account unlawfully.

1.4 General

All officers in whose name reports are submitted to the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board, shall submit such reports via the Monitoring Officer for:

- a) Compilation and retention of lists of background papers and copies of the relevant documents and reports.
- b) Identifying and determining what are background papers.

2. Scheme of Delegation of Functions to Chief Officers

2.1 Section 101 of the Local Government Act 1972 enables the Development Corporation to delegate the discharge of any of its functions to its officers.

2.2 Section 107D of the Local Democracy, Economic Development and Construction Act 2009 enables the Mayor to arrange for an officer of the Development Corporation to exercise any functions exercisable by the Mayor.

2.3 This part of the Constitution specifies those powers of the Development Corporation and the Mayor which, for the time being, are exercisable from time to time by officers of the Development Corporation, and stating the title of the officer in question by whom the powers are exercisable.

2.4 Chief Officers in the context of this Constitution mean the Group Chief Executive Officer, the Group Director of Finance & Resources.

2.5 The delegated powers of Chief Officers set out in this Scheme may be exercised by other officers authorised by the Chief Officer with the delegated power to act on their behalf and in their name, provided that appropriate administrative procedures are in place to record the authorisation and monitor decisions taken.

2.6 The exercise of delegated powers by officers is required to be in accordance with and subject to:

- a) Statute or other legal requirements, including the principles of public law, the

Human Rights Act 1998, statutory guidance and statutory codes of practice;

- b) this Constitution, the Development Corporation Board's Rules of Procedure and Financial Regulations currently in force;
- c) the revenue and capital budgets of the Development Corporation, subject to any variation thereof which is permitted by the Corporation's Financial Regulations; and
- d) any policy or direction of the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board acting in exercise of the powers delegated to it by the Development Corporation.

2.7 Officers may **not** exercise delegated powers where:

- a) the matter is reserved to the Development Corporation Board, or the Mayor, and is to be exercisable only by them, by law or by this Constitution
- b) the matter is a function which cannot by law be discharged by an officer;
- c) the Development Corporation Board, or a committee, sub-committee or joint committee to which the Development Corporation is a party, has determined that the matter should be discharged otherwise than by an officer.

2.8 Where in relation to an item before the Development Corporation Board, Audit & Risk Committee and any workstream established by the Board, a Chief Officer is given specific authority to determine a particular matter, the officer should ensure that there is an appropriate audit trail to evidence such a determination.

2.9 Any reference in this Scheme of Delegation to any enactment shall include a reference to any amendment or re-enactment of the same.

3. General Delegations to all Chief Officers (unless otherwise stated)

- | | |
|-----|--|
| GD1 | The day to day routine management, supervision and control of services provided for the Development Corporation by staff under its control in accordance with the Rules of Procedure and Financial Regulations of the Development Corporation. |
|-----|--|

Contracts and Accounts

- | | |
|-----|--|
| GD2 | The disposal of surplus or obsolete equipment to the person submitting the highest quotation up to a limit of £10,000 in value. |
| GD3 | The acceptance of the best value tender or quotation (Group Chief Executive Officer and Group Group Director of Finance and Resources): |

GD4

GD5

- a) For the supply of goods, materials or services for which financial provision has been made in the Development Corporation's Budget and that do not exceed £1,000,000, and
- b) For building and civil engineering works for which financial provision has been made in the Development Corporation's Budget and that do not exceed £10,000,000

The invitation of quotations for contracts for the supply of goods, materials or services from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

The invitation of quotations for contracts for the execution of works from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

GD6 The provision of services or the purchase of materials or minor items of equipment for which provision has been made in the revenue estimates.

4. Delegations to the Group Chief Executive Officer

- CEO1 To discharge the functions of the Group Chief Executive Officer in relation to the Development Corporation.
- CEO2 To engage officers on behalf of the Development Corporation in order to coordinate and carry out its functions.
- CEO3 To discharge any function of the Development Corporation which has not been specifically delegated to another officer or reserved to the Development Corporation Board or Audit Committee whether by law or by this Constitution.
- CEO4 To take all action which is necessary or required in relation to the exercise of any of the Development Corporation's functions or the functions of the Mayor (other than those functions which by law can be exercised only by the Development Corporation or by the Mayor), having regard to the Development Corporation's or Mayor's approved plans, policies or strategies and the Development Corporation's budget, and all enabling legislation.
- CEO5 Take any action which is necessary or required as a matter of urgency in the interests of the Development Corporation, in consultation (where practicable) with the Chair of the Development Corporation Board, the Monitoring Officer and the Group Director of Finance & Resources and the Group Engineering & Programme Director.
- CEO6 Nominate, appoint and remove, in consultation with the Chair of the Development Corporation Board, Development Corporation

representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within their relevant constitutions.

- CEO7 To authorise any named officer of the Development Corporation to exercise functions delegated to the Group Chief Executive Officer, the Group Director of Finance & Resources or the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.
- CE08 Authentication of documents and the use of the corporate seal, following appropriate consultation with the Monitoring Officer and Chair of the Board

5. Delegations to the Group Director of Finance & Resources

- DoFR1 To effect the proper administration of the Development Corporation's financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally.
- DoFR2 After consulting, so far as practicable with the Group Chief Executive Officer, the Engineering & Programme Director and the Monitoring Officer, to report to the Development Corporation Board if it appears to him/her that a decision has been made, or is about to be made which involves or would involve the Development Corporation incurring unlawful expenditure, or that a course of action has been taken or is about to be taken which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Corporation, or that an item of account is about to be made which is unlawful. Such a report will have the effect of prohibiting the proposal, decision or other action being implemented until the report has been considered.
- DoFR3 The taking of all action required on borrowing, investment and financing subject to the submission to the Development Corporation Board of an annual report of the Group Director of Finance & Resources on Treasury Management activities at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes.
- DoFR4 To effect all insurance cover required in connection with the business of the Development Corporation and to settle all claims under such insurances arranged for the Development Corporation's benefit.
- DoFR5 To discharge the functions of the Development Corporation under the Accounts and Audit (England) Regulations 2015 (with the exception of Regulations 6(2), 9(2) and 20(1)).
- DoFR6 To be the officer nominated, or to nominate in writing another officer, as the

person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any Regulations made thereunder.

DoFR7 To exercise the responsibilities assigned to the Group Director of Finance & Resources in the Development Corporation's financial arrangements and procedures and in its Procurement Policy.

DoFR8 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Group Director of Finance & Resources, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

6. Delegations to the Monitoring Officer

MO1 The Monitoring Officer is authorised to:

- a) institute, prosecute, defend, withdraw, conduct, settle or appeal any administrative action and/or any legal proceedings on behalf of the Development Corporation;
- b) negotiate, issue, conclude and/or sign or execute any notice, document or agreement in any case where such action will facilitate, or be conducive or incidental to the carrying out of any decisions of the Development Corporation Board; or in any case where the Monitoring Officer considers that such action is necessary to protect the Development Corporation's interests, or to further or achieve the objectives of the Development Corporation; and
- c) settle or otherwise compromise any such administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.

MO2 Authentication of documents and the use of the corporate seal.

MO3 After consulting, so far as practicable, with the Group Chief Executive Officer, Group Director of Finance & Resources, the Monitoring Officer will report to the Development Corporation Board if he/she considers that any proposal, decision or omission has given rise to or is likely to or would give rise to a contravention of any enactment or rule of law or any maladministration or failure as determined following an investigation by the Local Government Ombudsman. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

MO4 To accept on behalf of the Development Corporation Board in-year changes to the membership of the Audit & Risk Committee and other workstreams established by the Board.

MO5 To make minor changes to the Constitution and its associated documents in order to reflect organisational or legislative change when the power remains

unaltered.

- MO6 To make any textual or grammatical corrections to the Constitution and its associated documents.

Supporting the Standards Regime

- MO7 To receive and acknowledge complaints of failure to comply with the Members' Code of Conduct under the Development Corporation's adopted local standards arrangements.
- MO8 To review complaints received in respect of any alleged breach by a Member of the Code of Conduct for Members and to act in accordance with the Development Corporation's adopted local arrangements.
- MO9 The Monitoring Officer will, where considered appropriate, either conduct or arrange for investigations to be conducted into alleged breaches of the Members' Code of Conduct referred to him/her.
- M10 The Monitoring Officer will undertake informal resolution of such complaints in accordance with the Development Corporation's adopted local arrangements.
- M11 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

UNIVERSITY HOSPITAL
OF HARTLEPOOL

OAKESWAY
INDUSTRIAL ESTATE

HARTLEPOOL MARINA

SUIT DIRECT STADIUM

THE NORTHERN
SCHOOL OF ART

THE NORTHERN STUDIOS

MIDDLETON GRANGE
SHOPPING CENTRE

HARTLEPOOL COLLEGE
OF FURTHER EDUCATION

War Memorial in Victoria Square is excluded

A NEW MAYORAL DEVELOPMENT CORPORATION FOR **HARTLEPOOL**

MAP 2 OF 2

A689

A689

QUEENS MEADOW

Cleveland Fire Brigade Headquarters is excluded

[Middlesbrough] Development Corporation

Draft Constitution

Version 1.1

June 2022

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Document Version Control

Document Title	Date Approved by Board	Replaces Version	In force from:
Constitution Version 1	TBD	NA	TBD

Introduction

1. [Middlesbrough Development] Corporation (the “**Corporation**”) is a Mayoral Development Corporation responsible for approximately XX (XX hectares) of land on the [Middlesbrough site] at Middlesbrough.
2. The Corporation has been established pursuant to the powers devolved to the Tees Valley Mayor under the Tees Valley Combined Authority (Functions) Order 2017. This Constitution reflects this statutory framework and constitutes a direction to the Corporation pursuant to s220 Localism Act 2011.
3. This Constitution takes effect when the required statutory arrangements are enacted.

Objectives

4. The objectives of the Corporation are:
 - a. To further the economic development and regeneration of the Middlesbrough area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley’s Strategic Economic Plan;
 - b. To attract private sector investment and secure additional jobs, accessible to the people of the Tees Valley;
 - c. To transform and improve the environment of the Corporation area, providing good quality commercial, leisure and housing facilities for the benefit of the people of Middlesbrough.
5. In support of these core objectives, the Corporation will work collaboratively with the Tees Valley Combined Authority, Middlesbrough Council and other partners to contribute positively to local and Tees Valley-wide initiatives on skills, job opportunities for local people inward investment, transport, sustainable development, culture and tourism.
6. To support the achievement of its core objectives, the Corporation will develop, a Master Plan, setting out how its objectives will be secured by the development of land and infrastructure within its area of responsibility.

Boundary

7. The precise area covered by the Corporation (the “Site”) is shown at Appendix A.

The Board

8. The Chair shall be the Mayor or other Board member nominated by him/her.

9. The Vice-Chair and Board of the Corporation shall be appointed by the Combined Authority, following a proposal put to it by the Mayor.
10. At the Combined Authority Annual General Meeting following a Mayoral election, the incoming Mayor will propose a new Vice-Chair and Board for consideration by the Combined Authority.
11. With the exception of the Mayor, all Board members will serve for a period of 2 years or until the Annual General Meeting following a Mayoral Election but may be reappointed if so proposed by the Mayor.
12. There shall be a minimum of 5 and a maximum of 8 Board Members in total. .
13. A Board member may resign by serving notice on the Mayor.
14. Any Board member may be removed by the Mayor, where there is due cause to do so in accordance with Schedule 21 Localism Act 2011.
15. The Chair of the Board may resign that appointment by serving notice on the Mayor, without resigning membership of the Board. Where the Mayor is the Chair of the Board, they may resign by informing the Combined Authority.
16. All decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in this Constitution. The Board shall seek consensus on all matters, but where consensus cannot be achieved decisions shall be made by majority vote, with the Chair exercising a casting vote.
17. The Corporation may decide on its own procedure, and the procedure of any of its Boards, or workstreams established by the Board.
18. The quorum shall be half of the members in office, rounded up in the event of an uneven number, to include The Mayor.
19. The Group Chief Executive of the Combined Authority shall be appointed as an Associate Member, with the right to participate fully in Board discussions and to receive all papers but not vote.
20. The Corporation shall hold an Annual Meeting to consider any amendments to its procedures, to recommend any changes to this Constitution to the Combined Authority and to make appointments to Committee roles.

The Statutory Officers

21. The Group Chief Executive will serve as Head of Paid Service with overall responsibility for the Corporation's operations and staff, and to act as lead adviser to the Board.
22. The Group Director of Finance & Resources of the Combined Authority (the "Group Director of Finance") shall fulfil the role of Group Director of Finance & Resources of the Corporation. The powers of the Group Director of Finance & Resources are set out in this Constitution and Statute. The Group Director of Finance & Resources shall oversee the interface between the financial responsibilities of the Combined Authority and the Corporation, to ensure the financial integrity of both organisations.
23. The Group Chief Legal Officer is the Monitoring Officer to the Combined Authority (the "**Monitoring Officer**") and the Corporation

Powers of the Corporation

24. Subject to Legislation, this Constitution and any other directions made by the Combined Authority, the Corporation may do anything it considers appropriate for the purposes of securing the regeneration of its area, or for purposes incidental to that objective.
25. The Corporation has a number of specific powers from the Localism Act, as set out below in this section. All of the powers are subject to the overriding objectives set out in paragraph 4, and the provisions of this Constitution, and are summarised as:
 - a. Powers relation to infrastructure
 - i. This includes the power to provide, or facilitate the provision of infrastructure.
 - b. Powers in relation to land
 - i. The power to regenerate or develop land.
 - ii. To bring about the more effective use of land.
 - iii. To provide buildings or other land.
 - iv. To acquire, hold, improve, manage, reclaim, repair or dispose of land, buildings, plant, machinery, equipment or other property.
 - v. To carry out building or other operations, including demolishing buildings.
 - c. Powers to acquire land
 - i. To acquire land in its area or elsewhere, in accordance with the provisions of the Localism Act 2011.
 - d. Powers in relation to acquired land
 - i. To override easements

- ii. To extinguish public rights of way (with the consent of the Secretary of State)
- e. Powers in relation to businesses and companies
 - i. To carry on any business.
 - ii. To form or acquire interests in any business or company.
- f. Financial assistance powers
 - i. To provide financial assistance to any person.
This may be given in any form, including grants, loans, guarantees, investments, or the incurring of expenditure for the benefit of the person assisted.
- g. Powers in relation to discretionary relief from non-domestic rates
 - i. To determine the amount of discretionary rate relief from non-domestic rates (i.e. business rates).
- h. Powers in relation to Planning
 - i. To be the local planning authority, for the purposes of
 - Part 3 of the Town and Country Planning Act 1990,
 - Part 2 of the Planning and Compulsory Purchase Act 2004, and
 - Part 3 of that Act.
 - ii. To have the functions conferred on the local planning authority by the provisions mentioned in Part 1 of Schedule 29 to the Local Government, Planning and Land Act 1980.
 - iii. To have, the functions conferred on the relevant planning authority by Schedule 8 to the Electricity Act 1989 so far as applying to applications for consent under section 37 of that Act.
 - iv. The provisions specified in Part 2 of Schedule 29 to the Local Government, Planning and Land Act 1980 are to have effect, in relation to land and to the MDC, subject to the modifications specified in that Part of that Schedule.
- 26. The MDC can request at any time that the powers it holds in respect of Planning be exercised by Middlesbrough Council and may at any time require that any powers so passed be returned to it with immediate effect.
- 27. Middlesbrough Council shall continue to be the billing and collecting authority for non-domestic rates for existing operations, except in respect of areas of the Site which are designated as Enterprise Zones where the revenue is received by the Combined Authority.

Decision Making

- 28. The Board must not make any decision which imposes a financial or other liability on Tees Valley Combined Authority.
- 29. The Statutory Officers shall advise the Board when a decision which would be prohibited by [paragraph 28]

30. Where the Board identifies a significant risk of breaching paragraph 28, it shall recommend to the Board that in their view this gives rise to Breach.
31. A decision by the Corporation to exercise powers in relation to discretionary relief from non-domestic rates which has a significant adverse financial impact upon Middlesbrough Council must also be approved by the Leader of Middlesbrough Council.

Reporting

32. As soon as reasonably practicable after the end of each financial year, the Corporation must prepare an annual report on how it has exercised its functions during the year, including a copy of its audited statement of accounts for that year, and send that report to the Combined Authority's Cabinet, Overview and Scrutiny Committee and Audit and Governance Committee. The "financial year" shall mean a period of 12 months ending with 31st March.
33. The Corporation's officers shall respond promptly to requests from the Group Director of Finance & Resources, and follow any advice and actions required in a timely manner. The Corporation shall make available any financial information reasonably requested from the Combined Authority, or from Finance Directors of the Combined Authority's constituent councils.

Committees

34. In addition to the Group Audit & Risk committee the Corporation may establish committees of the Board.
35. A workstream may, with agreement of the Board, include persons who are not members of the Corporation. The work of these workstreams, or any recommendations made by them, will be reported back to the Board as part of the Group Chief Executive's standing update or by additional report as appropriate
36. The Board must approve the Terms of Reference of any such committee

Audit and Risk Committee

37. The Corporation shall establish an Audit Committee. The Mayor, with agreement of the Combined Authority, shall appoint a Chair of the Audit Committee. The other members of the Audit Committee shall be appointed by the Board.

Delegations

38. The Corporation may delegate any of its functions to any of its members, committees, or staff.
39. A Committee of the Corporation may delegate any function conferred on it to any member of the Corporation, any sub-committee of the Committee, or any of the Corporation's staff.
40. The Corporation shall establish:

- a. A Scheme of Delegation to include appropriate financial limits;
- b. Procurement Policy which accords with the Public Contract Regulations 2015;
- c. Financial Procedure Rules including provision for setting an annual budget;
- d. A Code of Conduct together with a register of interests;
- e. Provisions relating to the resolution of conflict of interests;
- f. Access to information procedure rules.

Amending the Constitution

2. This Constitution is a living document and shall be amended as the Corporation progresses. Authority is delegated to the Monitoring Officer of the Combined Authority, in consultation with the Group Chief Executive of the Combined Authority, to make amendments to the Constitution to reflect organisational or legislative changes, or to make any minor textual or grammatical corrections. Any other changes shall be agreed by the Combined Authority's Cabinet.

Appendix 1—Plan of the area of responsibility of the Middlesbrough Development Corporation

INSERT

Appendix I

RULES OF PROCEDURE

1. Interpretation

- 1.1 The [Middlesbrough] Development Corporation is referred to as the "**Development Corporation**" in these rules.
- 1.2 These rules apply to meetings of the Development Corporation Board ("**Board**") and where appropriate to the meetings of the audit committee and workstreams established by the Board.
- 1.3 References in these Rules to the "Chair" mean the Member for the time being presiding at the meeting of the Board, and at a meeting of the Audit Committee or other workstream established by the Board.
- 1.4 These Rules shall be read in conjunction with other parts of the Constitution
- 1.5 These Rules are subject to any statute or other enactment whether passed before or after these Rules came into effect.

2. Annual meeting of the Development Corporation Board

- 2.1 The Annual Meeting will:
 - (a) confirm the Mayor as the person who is to preside at meetings;
 - (b) approve the Members of the Development Corporation; agree the portfolio responsibilities of each of the members and any functions delegated to them;
 - (c) elect the Vice Chair(s);
 - (d) approve the minutes of the last meeting;
 - (e) receive any declarations of interest from Members;
 - (f) receive any announcements from the Mayor and/or the Group Chief Executive;
 - (g) consider any recommendations from the Audit Committee;
 - (h) appoint the Group Audit Committee;
 - (i) appoint such other workstreams as the Development Corporation considers appropriate;
 - (j) appoint the membership of the workstreams referred to in the preceding sub-paragraphs after:
 - (i) deciding the number of members to be appointed to each workstream and their term of office;
 - (k) appoint the Chair and Vice-Chair of the Audit Committee, after considering any proposal put to them by the Committee.

- (l) appoint the Chair and Vice-Chair of the workstreams referred to in the preceding sub-paragraphs;
- (m) appoint to outside bodies;
- (n) agree the officer scheme of delegation;
- (o) consider amendments to the Development Corporation's procedure rules, as appropriate;
- (p) approve the Development Corporation's allowances scheme;
- (q) decide the date and time for the ordinary meetings of the Development Corporation Board;
- (r) consider any other business set out in the agenda for the meeting.

3. Ordinary Meetings of the Development Corporation Board

3.1 At an ordinary meeting of the Development Corporation, the Board will:

- (a) approve the minutes of the last meeting;
- (b) receive any declarations of interest from Members;
- (c) receive any announcements from the Mayor and/or the Group Chief Executive including those relating to the work or recommendations of any workstreams established by the Board;
- (d) deal with any business from the last ordinary meeting;
- (e) receive reports from the Audit Committee or where appropriate any workstream established by the Board;
- (f) consider any other business specified in the agenda for the meeting. Extraordinary Meetings of the Development Corporation Board

4. Admission of the Public

4.1 All meetings of the Board and Audit Committee shall be open to the public, except to the extent that they are excluded whether during the whole or part of the proceedings either:

In accordance with Section 100A(2) of the 1972 Act; or

By resolution passed to exclude the public on the grounds that it is likely, in view of the nature of the business, that if the public were present there would be disclosure to them of exempt information as defined in Section 101 of the 1972 Act. Any such resolution shall identify the business or part of the business to which it applies and state the description, in terms of Schedule 12A to the 1972

Act of the exempt information giving rise to the exclusion of the public.

5. Notice of Meetings

- 5.1 At least five clear days before a meeting of the Board and the Audit Committee, notice of time and place of the intended meeting shall be published at the offices of the Corporation.
- 5.2 An invitation to attend the meeting, specifying an agenda for the meeting shall be left at, or sent by, electronic mail or post to all Development Corporation Members at their usual place of residence, or to such other place as may be requested by a Member.
- 5.3 Lack of an invitation to a Member shall not affect the validity of a meeting.
- 5.4 Agendas and papers for Board meetings and meetings of the Group Audit & Risk Committee will be published on the Corporation website five clear days prior to the meeting date unless ruled commercially or operationally sensitive under Paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1972, with written agreement of the relevant Chair

6. Chair of Meeting

- 6.1 At a meeting, the Chair shall preside. If the Chair is absent, the Vice-Chair shall preside. If both the Chair and the Vice-Chair are absent, the Members present shall choose which Member is to preside at the meeting.
- 6.2 Any power or duty of the Chair in relation to the conduct of the meeting, may be exercised by the person presiding at the meeting.
- 6.3 The ruling of the Chair on the interpretation of these Rules in relation to all questions of order and matters arising in debate, shall be final.

7. Items of Business

- 7.1 No item of business may be considered at any meeting except:
 - the business set out in the agenda;
 - business required by law to be transacted at the annual meeting; or
 - business brought before the meeting by reason of special circumstances, which shall be specified in the minutes, and where the Chair of the meeting is of the opinion that the item should be considered at the meeting as a matter of urgency.
- 7.2 Any business raised under the agenda item any other business shall be for information only and not business requiring a decision, unless agreed by the Chair.

8. Order of Business

- 8.1 Items of business shall be dealt with in the order specified in the agenda for the meeting, except that such order may be varied at the discretion of the Chair, or on a request agreed to by the meeting.

9. Order of Debate

- 9.1 The Chair will introduce each item and may invite a Member or Officer to present it.
- 9.2 Each Member, including Associate Members of the Development Corporation, shall be given an opportunity to speak on the matter and on any recommendations contained in the report.
- 9.3 The order in which anyone will be invited to speak will be decided by the Chair.
- 9.4 Members may speak more than once on the same item, with the agreement of the Chair.
- 9.5 Any Member, when speaking, may move that:
 - (a) an amendment be made to the recommendation(s); or
 - (b) that an item be withdrawn.
- 9.6 Any such motion, if seconded, shall either be agreed by consensus amongst those Members present, or be voted upon.
- 9.7 Subject to the outcome of any such motion, once each Member who wishes to speak has done so, the Chair shall move the item, which if seconded, shall again either be agreed by consensus or shall be voted upon.

10. Duration

- 10.1 At any meeting the Chair shall have discretion to adjourn the meeting for a short period of time unless the majority of Members present, by vote, determine it shall stand adjourned to another day, the date and time of which shall be determined by the Chair.

11. Minutes

- 11.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. Discussion of the minutes should be restricted to their accuracy.

12. Code of Conduct and Protocols

- 12.1 Members and Associate Members shall comply with the provisions of the Development Corporation's Code of Conduct for Members and of any other Codes or Protocols, approved by the Development Corporation Board, including those relating to registering and disclosing pecuniary and other interests.

Access to Information

- 12.2 In accordance with the Local Government Act 1972 as amended:
 - (a) All meetings of the Board and Audit Committee shall be open to the public unless it is likely in view of the nature of the business to be transacted that either

confidential information (as defined in section 100A(3) of the 1972 Act) or information falling within one of the categories of exempt information in Schedule 12A (as amended) of the 1972 Act would be disclosed.

- (b) Copies of the agenda, and reports open to the public will be available for public inspection at least five clear days before a meeting or where the meeting is convened at shorter notice from the time the meeting is convened. If an item is added to the agenda later, the revised agenda and any additional report will be open to inspection from the time it was added to the agenda. Copies of any agenda or reports need not, however, be open to inspection by the public until copies are available to members of the Corporation. In addition, an item of business may be considered urgently, whereby reason of special circumstances, which shall be specified in the minutes, the Chair is of the opinion that the item should be considered at the meeting, as a matter of urgency.
- (c) The Corporation ity will make available for public inspection for six years after a meeting the minutes of the meeting (but excluding any part of the minutes when the meeting was not open to the public or which disclose confidential or exempt information), a summary of any proceedings not open to the public where the minutes open to inspection would not otherwise provide a reasonably fair and coherent record, and the agenda for the meeting and reports relating to items when the meeting was open to the public.
- (d) The author of any report will set out in it a list of those documents (called background papers) relating to the report which in his/her opinion disclose any facts or matters on which the report is based and which have been relied on to a material extent in preparing the report (except for documents which are published works or which disclose confidential or exempt information). Such background papers will remain available for public inspection for four years from the date of the meeting.
- (e) Where information is withheld under these provisions the fact must be made known to the member of the public concerned who shall be advised of the categories of information being withheld and the way in which the withholding of the information can be challenged.

13. Exclusion of Access by the Public to Meetings

13.1 (a) Confidential information – requirement to exclude public

The Public must be excluded from meetings whenever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

Confidential information means information given to the Corporation, its Committees and Sub-Committees by a Government department on terms that forbid its public disclosure or information that cannot be publicly disclosed by reason of a Court Order or any enactment.

(b) Exempt information – discretion to exclude public

The public may be excluded from meetings wherever it is likely in view of the nature of the business to be transacted or the nature of the proceedings that exempt information would be disclosed.

Exempt information means information falling within the following categories (subject to any qualifications):

- (i) information relating to any individual;
 - (ii) information which is likely to reveal the identity of any individual;
 - (iii) information relating to the financial or business affairs of any particular person (including the authority holding that information);
 - (iv) information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the Combined Authority, its Committees and Sub-Committees or a Minister of the Crown and employees of, or office holders under, the Combined Authority, its Committees and Sub-Committees;
 - (v) information in respect of which a claim to legal professional privilege could be maintained in legal proceedings;
 - (vi) information which reveals that the Combined Authority, its Committees and Sub-Committees proposes (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or (b) to make an order or direction under any enactment;
- (c) Exclusion of Access by the public to reports

If the Proper Officer considers it appropriate, the Corporation and the Group Audit & Risk Committee may exclude access by the public to reports which in the Proper Officer's opinion relate to items during which the meeting is likely not to be open to the public. Such reports will be marked "Not for Publication" together with the category of information likely to be disclosed.

14. Reporting of Proceedings

- 14.1 Without prejudice to the Chair's powers in procedure rule 5.3, and subject to procedure rules 17.1 and 17.2, while any meeting of the Corporation is open to the public any person attending the meeting may report on the meeting, and publish or disseminate any recording at the time of the meeting or after the meeting.
- 14.2 The Chair may decide not to permit oral reporting or oral commentary of the meeting as it takes place, if the person reporting or providing the commentary is present at the meeting.
- 14.3 Where the public are excluded from a meeting in order to prevent the likely disclosure of confidential or exempt information, the chair may also prevent any person from reporting on that meeting employing methods which can be used without that person's presence at the meeting, and which enable persons not at the meeting to see or hear

the proceedings at the meeting, as it takes place or later.

15. General Disturbance

- 15.1 If a general disturbance makes orderly business impossible, the Chair may:
- adjourn the meeting for as long as the Chair considers necessary.
 - call for any part of the meeting room open to the public, to be cleared, if the disturbance is in that part.
- 15.2 If a member of the public interrupts proceedings, the Chair shall warn the person concerned. If they continue to interrupt, the Chair may order them to be removed from the meeting room.
- 15.3 If the Chair considers at any meeting that a Member is behaving improperly or offensively, or is deliberately obstructing business, the Chair may move that the Member should not be heard further. If seconded, the motion shall be voted upon without discussion.
- 15.4 If the Member continues to behave in the same way, the Chair may:
- (a) adjourn the meeting for a specified period; and/or
 - (b) move that the Member leaves the meeting (if seconded such a motion will be voted on without discussion).

16. The Forward Plan

- 16.1 Forward Plans for the Corporation will be prepared to cover a period of four months. The Plans will be updated on a monthly basis.

Contents of the Plan

- 16.2 The Forward Plan will contain details of key decisions which relate to the discharge of Corporation functions and which are proposed to be taken during the period covered by the Forward Plan. The details relating to these key decisions, insofar as they are available or might reasonably be obtained, will be as follows:
- the matter in respect of which a key decision is to be taken;
 - the decision maker's name and title, if any;
 - the date on which, or the period within which the decision is to be made;
 - a list of documents submitted to the decision maker for consideration in relation to the matter, in respect of which the decision is to be taken;
 - the address from which, subject to any prohibition or restriction on their disclosure, copies of or extracts from any document listed, is available;
 - that other documents relevant to the matter may be submitted to the decision maker; and
 - the procedure for requesting details of those documents (if any) as they become available.
- 16.3 For the purposes of the Forward Plan, a "key decision" means a decision of a decision

maker, which in the view is likely to result in the Combined Authority or the Mayor incurring significant expenditure, or making significant savings, having regard to the Combined Authority's budget for the service or function to which the decision relates; or to be

17. Publication of the Forward Plan

- 17.1 The Forward Plan will be published at least 28 days before the start of the period covered in the Plan.
- 17.2 It will be published on the Combined Authority's website and made available for inspection by the public at the Combined Authority's offices. Exempt information need not be included in the Forward Plan and confidential information cannot be included.

18. Urgent Decisions

- 18.1 Where a decision needs to be taken urgently and it is not practical to convene a quorate meeting of the Board or relevant committee or subcommittee of the Development Corporation, the Group Chief Executive, in consultation with the Chair (or in their absence the Vice Chair) of the Board or relevant committee or subcommittee, the Group Director of Finance and Resources and the Monitoring Officer, has the authority to take an urgent decision.
- 18.2 The Monitoring Officer will maintain a record of all 'urgent' decisions and submit a report on these decisions at least annually to the Cabinet. The report will include a summary of the subject matter of the decisions taken.

19. 20. Confirmatory or minor decisions in writing

- 19.1 Where a decision of a minor or confirmatory nature (for example to confirm of the decisions of an unexpectedly inquorate meeting) the chair of the Board or relevant committee or subcommittee of the Development Corporation may request that confirmation of such a decision be made in writing. A written confirmation of the decision by each member of Board, the committee or subcommittee shall be treated as a decision of that body when it is signed by the Chair of the body, who shall have authority to confirm that decision.
- 19.2 The Monitoring Officer will maintain a record of all written records of decisions and report them to the next meeting of the relevant body and submit a report on these decisions at least annually to the Board. The report will include a summary of the subject matter of the decisions taken by this method.

21. Officers' Interests

- 19.3 If it comes to an Officer's knowledge that a contract in which the Officer has a pecuniary interest, whether direct or indirect, has been, or is proposed to be entered into by the Development Corporation, the Officer shall as soon as reasonably practicable give notice in writing to the Monitoring Officer of the fact that he/she has such an interest.

- 19.4 An Officer shall be treated as having an indirect pecuniary interest in a contract if he/she would have been so treated by virtue of Section 95 of the Local Government Act 1972 had he/she been a member of the Development Corporation, i.e. the other party to the contract is a company or other person or body (other than a public body) of which the Officer or his/her spouse/partner is a member or employee or partner.
- 19.5 The Monitoring Officer will keep a record of any such notices/interests and the record shall be open for inspection by any Member of the Development Corporation at its offices.

20. Sealing of Documents

- 20.1 A decision of the Board or the Mayor (or of a joint committee, committee, subcommittee, person or persons to whom the Cabinet has delegated its powers and duties) shall be sufficient authority for the signing or sealing of any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which in the opinion of the Monitoring Officer should be sealed.
- 20.2 22.2 The Common Seal of the Development Corporation shall be kept in a safe place in the custody of the Monitoring Officer and the affixing of the Common Seal shall be attested by the Monitoring Officer or other person nominated by him/her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person (See authority of the Group Chief Executive in accordance with delegation CEO8 (Appendix IV))).

21. Authentication of documents

- 21.1 23.1 Where any document is necessary for any legal procedure or proceedings on behalf of the Development Corporation it will be signed by the Monitoring Officer or other person nominated by him or her, unless any enactment otherwise authorises or requires, or the Corporation has given requisite authority to some other person.

22. Committees

- 22.1 24.1 The Board shall at its Annual Meeting each year appoint such committees as are required to be appointed by or under any statute, and may at any time appoint such other joint committees, committees or sub-committees as are necessary to carry out the work of the Corporation but, subject to any statutory provision, may at any time dissolve a joint committee, committee, sub-committee or alter its membership;
- 22.2 24.2 No joint committee, committee or sub-committee shall continue in office longer than the next Annual Meeting.
- 22.3 24.3 These procedure rules shall, with any necessary modifications, apply to meetings of committees and sub-committees of the Board. Save where it is otherwise stipulated elsewhere in this Constitution or in legislation, decisions of the committees and subcommittees of the Development Corporation shall be made by way of a simple majority of the Members present and voting, and the Chair shall have not have a second or casting vote.

23. Attendance

- 23.1 25.1 The Monitoring Officer shall record the attendance of each Member at each meeting of the Board and committees and subcommittees of the Development Corporation, and it shall be the responsibility of each Member to sign such a record, if requested.

24. Failure to attend Meetings

- 24.1 Subject to the exceptions prescribed by statute, if a Member of the Development Corporation fails throughout a period of twelve consecutive months to attend any meeting of the Board or the joint committees, committees or subcommittees of the Development Corporation to which they have been appointed, he/she shall (unless the failure to attend was due to a reason approved by the Board before the end of that period), cease to be a Member of the Development Corporation. For the purpose of this provision, the period of failure to attend shall date from the first meeting which the Member could have attended as a Member.

25. Resignation

- 25.1 A person appointed as a Member of the Development Corporation may at any time resign his/her office by a notice of resignation in writing signed by him/her and delivered to the Monitoring Officer and the Chair or Vice Chair of the committee that appointed him/her, as the case may be.

26. Members' Allowances

- 26.1 The Development Corporation may pay travel and subsistence allowances to its Members in accordance with a scheme drawn up and approved by the Board.
- 26.2 The Development Corporation may pay allowances to eligible members, in accordance with recommendations made by the Tees Valley Combined Authority's Independent Remuneration Panel contained in a report submitted by the panel to the Tees Valley Combined Authority Cabinet.

Appendix III

CODES OF CONDUCT

PREAMBLE

FOR INFORMATION ONLY GENERAL PRINCIPLES OF CONDUCT

Preamble

The principles of public life apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally and all people appointed to work in the civil service, local government, the police, courts and probation services, NDPBs and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness

Holders of public office should act solely in terms of the public interest.

Honesty and Integrity

Holders of public office should be truthful and should avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly on merit, using best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Personal Judgement

Members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

Respect for Others

Members should promote equality by not discriminating unlawfully against any person and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the Development Corporation's Statutory Officers and its other employees.

Duty to Uphold the Law

Members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

Stewardship

Members should do whatever they are able to do to ensure that their authorities use their resources prudently and in accordance with the law.

Leadership

Holders of public office should exhibit these principles in their own behavior. They should actively promote and robustly support the principles and be willing to change poor behavior wherever it occurs.

NOTE: THIS PREAMBLE AND THE GENERAL PRINCIPLES OF CONDUCT SPECIFIED WITHIN IT ARE FOR INFORMATION ONLY, AND THEY DO NOT FORM A PART OF THE DEVELOPMENT CORPORATION'S CODE OF ENFORCEMENT PURPOSES.

MIDDLESBROUGH DEVELOPMENT CORPORATION
(THE “DEVELOPMENT CORPORATION”)
CODE OF CONDUCT FOR MEMBERS AND OFFICERS

Members Code of Conduct

Part 1 General Provisions

Introduction and Interpretation

1. (1) This Code applies to **you** as a Member of the Development Corporation when you are acting in that capacity.
- (2) This Code is based upon and is intended to be consistent with the General Principles of Conduct specified in the preamble.
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) This Code does not cover matters in respect of which the Secretary of State may under the Act specifically provide that criminal sanctions will apply.

Interpretation

2. (1) In this Code--
 - “the Act” means the Localism Act 2011
 - “meeting” means any meeting of:-
 - (a) the Development Corporation or the Development Corporation Board;
 - (b) the Development Corporation Group Audit & Risk Committee and any workstream established by the Board

“Member” includes the Mayor, elected and co-opted Members and Associate Members.

General Conduct

3. (1) You must treat others with respect.
- (2) You must not do anything which may cause the Development Corporation to breach any of the equality enactments (as defined in Section 33 of the Equality Act 2006).
- (3) You must not bully any person and you must not intimidate or attempt to intimidate any person who is involved in any complaint about any alleged breach of this Code.
- (4) You must not do anything which compromises or is likely to compromise the impartiality of anyone who works for or on behalf of the Development Corporation.

- (5) You must not conduct yourself in a manner which could reasonably be regarded as bringing the Development Corporation, or your office as a Member of the Development Corporation, into disrepute.
 - (6) You must not use or attempt to use your position as a Member improperly to confer on or secure for yourself or any other person any advantage or disadvantage.
4. When using or authorising the use by others of the resources of the Development Corporation:-
- (1) You must act in accordance with the Development Corporation's reasonable requirements.
 - (2) You must ensure that such resources are not used improperly for political purposes (including party political purposes); and
 - (3) You must have regard to the Development Corporation's Transparency Code.
5. You must not prevent, or attempt to prevent, another person from gaining access to information to which they are entitled by law.
6. You must not disclose information which is given to you in confidence, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, unless:-
- (a) you have the consent of a person authorised to give it; or
 - (b) you are required by law to do so; or
 - (c) the disclosure is made to a third party for the purpose of obtaining professional legal advice, provided that the third party agrees not to disclose the information to any other person; or
 - (d) the disclosure is reasonable, in the public interest, made in good faith, and made in compliance with the reasonable requirements of the Development Corporation.
7. Where you have been involved in the making of any decision or the taking of any action by the Development Corporation Board or Group Audit & Risk Committee, or recommendation made by any workstream established by the Board, you must not take part in that scrutiny process other than for the purpose of answering questions or giving evidence relating to the business.
8. (1) When making decisions on any matter you must have regard to any relevant advice provided to you by:
- (a) the Group Chief Executive; or
 - (b) the Group Director of Finance & Resources; or
 - (c) the Monitoring Officer,
- where that Officer is acting pursuant to his or her statutory duties.
- (2) You must give reasons for all decisions in accordance with any statutory requirements

and any reasonable additional requirements imposed by the Development Corporation.

Part 2 Interests

Registration of Members' Interests

9. Subject to paragraph 12, you must register in Development Corporation's register of Members' interests ("Register") information about your personal interests. For the purposes of paragraphs 9 to 15 inclusively 'your personal interests' or 'personal interest' means:-
- (a) any 'disclosable pecuniary interest' (as specified at the Appendix to this Code or as defined by any statutory provisions in force from time to time under the Act) which you know about and which is held by
- you, or
 - your spouse or civil partner, a person with whom you are living as husband and wife, or a person with whom you are living as if you are civil partners; and
- (b) any other interests held by you as set out in paragraph 11.
10. You must register information about your personal interests by giving written notice to the Monitoring Officer, who maintains the Register, within 28 days of:-
- this Code being adopted by the Development Corporation;
 - your election or appointment as a Member of the Development Corporation; and of
 - becoming aware of any new interest or change to any registered interest.
11. You have a personal interest in any business of the Development Corporation and for the purposes of paragraph 9(b) where either it relates to or is likely to affect:-
- (a) any body of which you are a Member (or in a position of general control or management) and to which you are appointed or nominated by the Development Corporation;
- (b) any body which:-
- (i) exercises functions of a public nature or
 - (ii) is directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a Member (or in a position of general control or management);

Sensitive Information

12. Where you think that disclosure of the details of any of your personal interests could lead to you, or a person connected with you, being subject to violence or intimidation, you may inform the Monitoring Officer; and if the Monitoring Officer agrees, a note will be made in the Register to the effect that you have a personal interest, details of which are withheld under Section 32 of the Act.

Declaration of Interests

13. Where you attend a meeting and you are, or ought reasonably to be, aware that any of your personal interests are relevant to an item of business which is being considered, then you must disclose to that meeting the existence and nature of that interest at the start of the consideration of that item of business, or when the interest becomes apparent, if later.
14. Where you have a personal interest in any business of the Development Corporation which relates to or is likely to affect a body of a type described in paragraph 11(a) and 11(b)(i), you need only disclose to the meeting the existence and nature of that interest when you address the meeting on that business.
15. Where you have a personal interest but, by virtue of paragraph 12, sensitive information relating to it is not registered in the Register, you must indicate to the meeting that you have a personal interest, but you need not disclose the sensitive information to the meeting.
16. Where you attend a meeting, and you are, or ought reasonably to be aware that a decision in relation to any item of business which is to be transacted might reasonably be regarded as affecting your well-being or financial position, or the well-being or financial position of a person described in paragraph 17, to a greater extent than most of the inhabitants of the area affected by the decision, then you must disclose to that meeting the existence and nature of that interest at the start of that item of business, or when the interest becomes apparent, if later.
17. The persons referred to in paragraph 16 are:-
 - (a) a Member of your family;
 - (b) any person with whom you have a close association;
 - (c) in relation to persons described in (a) and (b), their employer, any firm in which they are a partner, or a company of which they are a director;
 - (d) any person or body in whom persons described in (a) and (b) have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or
 - (e) any body of a type described in paragraph 11 (a) and (b).

Non participation

18. Where you have a personal interest of the type described in paragraph 16 in any business of the Development Corporation, and the interest is one which a Member of the public with knowledge of the relevant facts would reasonably regard as so significant that it is likely to prejudice your judgement of the public interest and the business:-
 - (a) affects your financial position or the financial position of a person or body described in paragraph 17(a) to (e) inclusively; or
 - (b) relates to the determining of any approval, consent, licence, permission or registration in relation to you or any person or body referred to in the preceding sub-paragraph(a),then subject to paragraphs 19 and 20:-

- (a) you may not participate in any discussion of the matter at the meeting;
 - (b) you may not participate in any vote taken on the matter at the meeting;
 - (c) if the interest is not registered, you must disclose the interest to the meeting; and
 - (d) if the interest is not registered and is not the subject of a pending notification, you must notify the Monitoring Officer of the interest within 28 days.
19. Where you have an interest of the type described in paragraph 18 in any business of the Development Corporation, you may attend the meeting and make representations, answer questions or give evidence relating to that business before the business is considered and voted upon, provided the public are also allowed to attend the meeting for the same purpose, whether under a statutory right or otherwise.

Disclosable Pecuniary Interests

20. In addition to the requirements of the Act regarding the registration and declaration of a disclosable pecuniary interest, you must also comply with the statutory requirements relating to withdrawal from participating in any discussion or voting on any matter in which you have a disclosable pecuniary interest.

Requirement to leave a meeting room

21. You must comply with any procedural rule or standing order adopted by the Development Corporation which requires a Member to leave the room during any meeting at which a matter in which they have a disclosable pecuniary interest is being discussed.

Part 3

Disclosable Pecuniary Interests

1. The duties to register, disclose and not to participate in respect of any matter in which a Member has a disclosable pecuniary interest are set out in Chapter 7 of the Localism Act 2011.
2. Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (SI 2012 No. 1464) as follows:-

For this purpose:-

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society; “land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant

Authority; “Member” includes a co-opted

member;

“Development Corporation ” means the corporation of which M is a Member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Interest

Employment, office,
trade,
profession or vocation

Prescribed Description

Any employment, office, trade, profession or vocation carried on for profit or gain.

Sponsorship	Any payment or provision of any other financial benefit (other than from the Development Corporation) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a Member, or towards the election expenses of M. This includes any payment or financial benefits from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the Development Corporation:- <ul style="list-style-type: none"> (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the area of the Development Corporation.
Licenses	Any license (alone or jointly with others) to occupy land in the area of the Development Corporation for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge):- <ul style="list-style-type: none"> (a) the landlord is the Development Corporation; and (b) the tenant is a body in which the relevant person has a beneficial interest
Securities	Any beneficial interest in securities of a body where:- <ul style="list-style-type: none"> (a) that body (to M's knowledge) has a place of business or land in the area of the Development Corporation; and (b) either – <ul style="list-style-type: none"> (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

Officers' Code of Conduct

1. Purpose

- 1.1 This code sets out the standards of conduct that the Middlesbrough Development Corporation ("the Development Corporation") expects from its Officers. The aim is to promote high standards of conduct and to maintain public confidence in the Development Corporation and its services.

2. General Principles

- 2.1 The public is entitled to expect the highest standards of conduct from all Officers. The role of Officers is to represent the Development Corporation in delivering services to the local community. Officers must perform their duties to the best of their abilities with honesty, integrity, impartiality and objectivity and contribute to the maintenance of high standards in public service. Officers must at all times act in accordance with the trust that the public is entitled to place in them.
- 2.2 This code should be read in conjunction with the Development Corporation's Constitution and other relevant Policies and Procedures.

3. Gifts and Hospitality

- 3.1 All offers of gifts or hospitality should be treated with caution. Where a gift or hospitality could be perceived as an inducement or reward for performing Development Corporation duties, or where acceptance of the gift or hospitality could be open to misinterpretation, Officers should tactfully but firmly refuse the offer.
- 3.2 Gifts of a promotional nature, e.g. calendars, diaries and pens which are of a low monetary value i.e. less than £25 may be accepted.
- 3.3 All offers of gifts and hospitality of £25 or more in value, including any offers of sponsorship for training or development, whether or not they are accepted, must be recorded promptly (and no later than 28 days from the date of the offer) in a register held by the Senior Administrator.
- 3.4 It is a criminal offence under the Bribery Act 2010 to accept a bribe or to bribe another person. The offence of being bribed will occur where an employee agrees to receive or accepts an advantage (for their own or another's benefit and whether or not he or she actually receives it), in order to carry out the improper performance of a Development Corporation function, or where the advantage may be a reward for already having performed the function improperly.
- 3.5 The offence of bribing another person occurs where an employee offers, promises or gives a financial or other advantage to another person, with the intention that this will induce that person to improperly perform a function or activity, or in order to reward that person for the improper performance of such a function or activity.
- 3.6 Guidance on the Bribery Act indicates that bona fide hospitality and promotional, or other business expenditure which seeks to improve the image of a commercial organisation, better to present products and services, or to establish cordial relations, is recognised as an

established and important part of doing business and it is not the intention of the Act to criminalise such behaviour of Officers are in any doubt about the acceptance of a gift or hospitality they should inform the Monitoring Officer in advance (where feasible) and seek advice. Where an employee receives an unsolicited gift or believes that a person is otherwise attempting to influence him or her, the Monitoring Officer should be informed immediately.

- 3.7 Particular care should be taken by Officers concerned with purchasing the award of official contracts or the allocation of grant monies. An Officer who knowingly accepts a gift or favour from a contractor or other person providing services to or seeking services or funding from the Development Corporation may put themselves at risk of a disciplinary investigation. Failure to record offers of gifts and hospitality may also be the subject of investigation by managers.

4. Confidential Information

- 4.1 Officers should treat all information they receive in the course of their employment as confidential to the Development Corporation. Officers must not use information in the Development Corporation's possession to further their private interests or those of their relations and friends. Deliberate exploitation of confidential information for personal gain may result in disciplinary action, including dismissal.
- 4.2 Officers are only permitted to disclose confidential information where it is required by law or where the Development Corporation has agreed to make the information available to the public. Where Officers are in any doubt as to whether they are permitted to release information they must consult their Manager before any disclosure is made.

5. Officer Interests

- 5.1 Officers must disclose any personal conflicts of interest and must not involve themselves in any decisions or matters where their actions could be perceived as biased. A personal conflict may arise where an Officer provides consultancy services in a private capacity which conflict with or are of a similar nature to the Development Corporation's services, or which may result in a reduction of the Development Corporation's services. Another example is where an employee, acting in a private capacity, causes conflict with a service provided by the Development Corporation to a service user.
- 5.2 Officers interests in contracts must be disclosed in writing where Officers have any financial interest, direct or indirect, in any contract which the Development Corporation has entered into or is proposing to enter into, or any application by the Development Corporation for a licence, consent or permission. Officers are also required to identify a partner, relative or close associate who might have a legitimate interest in Development Corporation contracts or services.
- 5.3 Officers must also disclose in writing any interests where they are involved as either as an individual or as a partner in a business or as a Director of a Company or where they have a substantial shareholding in a public or private company which regularly has dealings with the Development Corporation. For this purpose, "substantial" can be defined as more than £5,000 nominal value or 1/100th of the nominal value of the company whichever is the lower. Friendship or membership of an association or society could also influence an Officer's judgements and should be treated in the same way.
- 5.4 If Officers are in any doubt as to what interests they need to declare they should seek guidance from the Monitoring Officer. Failure by Officers to declare interests in contracts or

companies is a criminal

offence. Failure to disclose a conflict of interest may result in disciplinary action.

6. Public Office

- 6.1 Officers who wish to seek public office in a Local Authority other than that with whom they are employed or act for are not generally prevented from doing so unless they occupy politically restricted posts under the Local Government and Housing Act 1989 ("the 1989 Act") but should discuss their intentions and the implications with the Monitoring Officer and seek legal advice.
- 6.2 Officers other than holders of politically restricted posts who become Councilors of other Local Authorities should ensure that their two capacities are kept separate. In particular, they should take care that they do not disclose or use for an unauthorised purpose confidential information which could benefit or cause harm either to the Authority represented or to the Development Corporation.

7. Political Activities

- 7.1 Political activities relate to standing for public elected office, engaging in party political debate in a personal capacity, by speaking or writing in public and canvassing at elections. The ability of Officers to engage in such activities is restricted if they occupy politically restricted posts, as defined by section 2 of the 1989 Act and specified in a list maintained by the Development Corporation as required by that Act.
- 7.2 An employee who proposes to engage in political activities should consider all aspects of this Code and ensure there is no conflict of interest between their duties as an employee and their political activities. Officers who regularly advise Members, regularly have contact with the public or media, or exercise delegated powers should take particular care when they propose to engage in political activities. They must in all cases consult their Manager.
- 7.3 Where Officers are required to advise Members they must do so in ways which do not compromise their political neutrality and must not allow their own personal or political opinion to influence or interfere with their work.

8. Recruitment and Employment

- 8.1 Officers involved in recruitment or decisions relating to discipline, promotion or grading must not be involved where they are related to an applicant or have a close association with an applicant or employee.
- 8.2 All Officers involved in recruitment and selection on behalf of the Development Corporation must be familiar with, and abide by, the Development Corporation's recruitment policy and procedures.
- 8.3 Canvassing of Members of the Development Corporation relating to any employment matter including appointments, is strictly prohibited and may result in disciplinary action.

9. Sustainability Issues

- 9.1 Officers must be aware of their obligation towards improving the environment and in particular ensure the wider long-term implications of their actions are in accordance with Development

Corporation policy.

- 9.2 Officers are required to consider sustainability issues when undertaking their duties, including the procurement of goods and services. In particular they should seek opportunities to improve and promote energy conservation, advocate recycling and waste minimisation, reduce pollution and support Development Corporation initiatives to improve the environment.

10. Diversity

- 10.1 All Members of the local community, customers, contractors, Members and Officers have a right to be treated with fairness and dignity. All Officers are required to comply with the Development Corporation's diversity policies and in accordance with the legal requirements placed upon the Development Corporation.

11. Intellectual Property/Copyright/Lecture Fees

- 11.1 All creative designs, writings and drawings produced by Officers in the course of their duties are the property of the Development Corporation.
- 11.2 All inventions made by Officers remain the property of the Development Corporation if made during the course of their duties. The duties are described in the Officers terms of employment, job description and those arising from an instruction from a manager or other authorised officer of the Development Corporation.
- 11.3 Fees for giving lectures or writing articles may only be retained by Officers where these activities are not integral to their employment or position with the Development Corporation and they are conducted in the Officers own time.
- 11.4 Where Officers are interviewed by the media or agree to give lectures in connection with their official duties the Development Corporation's Head of Communications and Marketing must be consulted on any intended lecture or publication in the press or other media which is connected to their official duties and prior consent of their line manager must be obtained.
- 11.5 Officers should take care when expressing their personal views publicly that they do not undermine confidence in their objectivity in the performance of their duties.

12. Use of the Development Corporation's Facilities

- 12.1 Officers must ensure that they use public funds entrusted to them in a responsible and lawful manner. They should strive to ensure value for money to the local community and to avoid legal challenge to the Development Corporation.
- 12.2 The Development Corporation's resources should be used solely in respect of its business. No improper use must be made of premises, vehicles, equipment, stationery or services. A reasonable amount of personal use of ICT and telephone facilities may be made but is subject to any Development Corporation ICT protocols and any arrangements for the payment of personal telephone calls.

13. Performance of Duties

- 13.1 Officers are required to observe agreed working procedures, operational regulations, health and safety rules, regulations, professional codes of practice and the provisions of the

Development

Corporation's Constitution and to carry out reasonable and proper instructions in matters relating to their duties.

13.2 An Officer must not:-

- (a) Fail to discharge through carelessness, or neglect an obligation placed upon him/her by contract or by law;
- (b) Fail to report any matter which he/she is required to report;
- (c) Fail to wear safety clothing or footwear, or use safety equipment which has been issued as being necessary in the interests of health & safety or otherwise fail to have due regard to health & safety requirements.

13.3 Failure to observe the Officers Code of Conduct or any human resources policies and procedures (for instance relating to substance misuse, smoking or ICT protocols) or other Development Corporation policies, regulations or standards, may lead to disciplinary action in accordance with the Development Corporation's disciplinary procedures.

Part 4

Protocol on Member/Officer Relations

1. The Role and Purpose of the Protocol

- 1.1** The Middlesbrough Corporation (“the Development Corporation”) strives to carry out its duties and provide services in a way that is effective; efficient in terms of the resources deployed; and responsive to the views and wishes of the people that might be affected by what it does.
- 1.2** Above all, the Development Corporation operates with, and promotes high ethical values and standards in an environment which demands close and effective working relations between all Members and Officers without either seeking to take unfair advantage of their position. This is achieved by means of a culture of mutual respect, trust, courtesy, openness and understanding, in which Members and Officers feel free to speak to one another openly and honestly.
- 1.3** With this in mind, the purpose of this Protocol is not in any way to change that relationship, but to offer guidance to Members and Officers on their respective roles and their working relations with one another, in order to help them to perform more effectively and thereby to ensure the efficient and effective running of the corporation and the delivery of best value services to the local community.
- 1.4** The relations between Members and Officers are complex and varied. This Protocol does not therefore aim to be either prescriptive or comprehensive. It is intended simply to offer guidance on some of the issues which most commonly arise. It is hoped however that the approach which it adopts to these issues will serve as a reference document for dealing with other issues.
- 1.5** This Protocol relies to a large extent on current practice and convention. It does, however, attempt to promote greater clarity and certainty for the benefit of both Members and Officers.
- 1.6** The Protocol also seeks to reflect and bring together the principles underlying the respective Codes of Conduct which apply to Members and Officers. The shared objective of these Codes is to enhance and maintain the integrity (both real and perceived) of Development Corporations and those who work within them and to maintain the very high standards of personal conduct required of all who serve the public.
- 1.7** Development Corporations do not however operate in isolation. The Development Corporation always seeks to work in partnership with other local organisations and agencies and regional and national bodies to the greatest effect for the people of the area. Increasingly the Development Corporation’s Members and Officers are required to represent the Development Corporation on a variety of outside bodies and organisations with statutory and non-statutory links to the Development Corporation. Whilst the procedural aspects of the Protocol relate mainly to the Development Corporation, it is expected that Members and Officers representing the Corporation on outside bodies, continue to maintain the ethos of courtesy, respect and understanding advocated by this Protocol.
- 1.8** The Protocol must be read and operated in the context of all relevant legislation and national and local codes of conduct and the Development Corporation’s Policy on confidential

reporting. A copy of the Members' Code of Conduct and the Confidential Reporting Policy are reproduced in this part

of the Constitution. Advice and guidance in connection with the Code and Policy, together with this Protocol can be obtained from the Development Corporation's Monitoring Officer.

2. The Roles of Members and Officers

2.1 Members

The roles of Members of the Development Corporation and Officers employed by the Development Corporation are different, but complementary. Members and Officers are servants of the public and they are indispensable to one another, but their responsibilities are distinct. All Members, including the Mayor, serve only so long as their term of office lasts. Officers are responsible to their Corporation (the Development Corporation). Their job is to give advice to all Members including the Mayor, and to the Corporation, and to carry out the Corporation's work under the direction and control of the Corporation.

Mutual respect between Members and Officers is essential to good governance. Close personal familiarity between individual Members and Officers can change this relationship and prove embarrassing to the Members and Officers.

2.2 The five guiding principles to be followed are that the Development Corporation should be:

Transparent – to ensure that the public are clear about who is responsible for particular decisions.

Understandable – to ensure that the decision-making process is simple, clear and unambiguous to Members, Officers and the public.

Efficient – to enable swift and responsive action.

Accountable – to ensure that decisions are open to scrutiny by Members and by the public and that members of the public are able to measure the Development Corporation's actions against its agreed policies.

Providing Best Value - to promote continuous improvement within the Development Corporation and demonstrate Best Value in ensuring resources are directed appropriately.

2.3 Officers

Officers support and advise the Development Corporation, and the constituent parts of its decision-making processes; implement the Development Corporation's decisions and may themselves take decisions formally delegated to them through the approved Scheme of Delegation. All Officers are required to be politically neutral.

2.4 Both Officers and Members, including the Mayor, must comply in all respects and at all times with their respective Codes of Conduct, not only in their dealings with each other, but also when dealing with partners and the public.

2.5 In particular, it should be recognised that Members of the Development Corporation do not have any special immunity from civil or criminal wrongs that they may commit against fellow

Members, Officers or members of the public. Members must ensure that they do not, therefore, for example, slander or libel another person. During the course of their normal duties for the Development Corporation, Members will only have a qualified (and not an absolute) protection against prosecution or civil action.

- 2.6** Any member of the public (including Officers) can complain to the Development Corporation's Monitoring Officer about a Members' alleged breach of the Development Corporation's Code of Conduct for Members and/or bring private, civil action against a Member. The Auditor can also take legal action against an elected Member and the Development Corporation, as a whole, for any alleged breach of the law.
- 2.7** The Development Corporation has statutory duties with regard to equality issues and in accordance with Development Corporation's Code of Conduct for Members, Members must promote equality by not discriminating against others. Members and Officers should not, therefore, by their behaviour or speech act in a discriminatory way with regard to, for example, a person's age, gender, race, disability, religion, ethnicity, nationality or sexual orientation. Such principles will apply to the implementation of personnel policies, recruitment and promotion as they apply to day to day dealings with fellow human beings.

2.8 Members' expectations

Members can expect from Officers:-

- (a) A commitment to the Development Corporation as whole, and not to any particular political group.
- (b) A working partnership.
- (c) An understanding of and support for the respective roles, workloads and pressures.
- (d) Reasonable and timely response to enquiries and complaints.
- (e) Professional advice, not influenced by political views or preference, which does not compromise the political neutrality of Officers.
- (f) Regular, up to date information on matters that can reasonably be considered appropriate and relevant to their needs, having regard to any individual responsibilities that they have and positions that they hold.
- (g) Awareness of and sensitivity to the political environment.
- (h) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.
- (i) That they have received relevant training and development in order to carry out their role effectively.
- (j) Integrity, mutual support and appropriate confidentiality
- (k) That employees will not use their relationship with Members to advance their personal interests or to influence decisions improperly.
- (l) That Officers will at all times comply with the relevant Code of Conduct.

- (m) Support for the role of Members as the local representatives of the Development Corporation, within the parameters of support approved by the Development Corporation.
- (n) That Officers will promote equality of opportunity in all Development Corporation matters.

2.9 Officers' Expectations

Officers can expect from Members:-

- (a) A working partnership.
- (b) An understanding of and support for the respective roles, workloads and pressures.
- (c) Leadership and direction.
- (d) Respect, dignity and courtesy and not acting in a discriminatory way through behaviour or speech.
- (e) Integrity, mutual support and appropriate confidentiality.
- (f) Not to be subject to bullying or harassment or to be put under undue pressure. Members should have regard to the seniority of Officers in determining what are reasonable requests, having regard to the relationship between Members and Officers, and the potential vulnerability of Officers, particularly at junior levels.
- (g) That Members will not use their position or relationship with Officers to advance their personal interests or those of others or to influence decisions improperly.
- (h) That Members will at all times comply with the Development Corporation's Members' Code of Conduct.
- (i) That Members will promote equality of opportunity in all Development Corporation matters.

2.10 Limitations Upon Behaviour

The distinct roles of Members and Officers necessarily impose limitations upon behaviour. By way of illustration, and not as an exclusive list:-

- (a) Close personal, as opposed to working, relationships between Members and Officers can confuse these separate roles and detrimentally affect the proper discharge of the Development Corporation's functions, not least by creating the perception in others that a particular Member or Officer may be securing advantageous treatment.
- (b) The need to maintain the separate roles means that there are limits to the matters on which Members may seek the advice of Officers, both in relation to personal matters and party political issues.
- (c) Relationships with a particular individual or party group should not be such as to create public suspicion that an employee favours that Member or group above others.

2.11 Grievances or

Complaints

Procedure for Officers

- (a) From time to time the relationship between Members and Officers may break down or become strained. Whilst it will always be preferable to resolve matters informally, through conciliation by an appropriate senior manager or Member, Officers will have recourse to a Policy and Procedure relating to grievances, where the matter concerns their employment or to the Development Corporation's Monitoring Officer, as appropriate to the circumstances. In the event of a grievance or complaint being upheld, the matter will be referred to the Group Chief Executive Officer who will decide on the course of action to be taken.

Procedure for Members

- (b) In the event that a Member is dissatisfied with the conduct, behaviour or performance of an Officer, he/she should not raise the matter in public or before the press, as Officers have no means of responding to the same in public. The matter should be raised with an appropriate Officer.

Part 5

Confidential Reporting Policy

This policy enables employees, and other persons working for the Middlesbrough Development Corporation (“the Development Corporation”) on Development Corporation premises, together with suppliers and those providing services under a contract with the Development Corporation to voice confidentially serious concerns over alleged malpractice and alleged wrongdoing within the Development Corporation.

Officers will be nominated for the purpose of dealing with concerns raised by employees or other persons under this policy.

1. INTRODUCTION

- 1.1** Employees/Officers are sometimes the first to realise that there may be something seriously wrong, but they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Development Corporation; or they may fear harassment, victimisation or other reprisals. In these circumstances it may be easier to ignore the concern rather than report what may be just a suspicion of malpractice.
- 1.2** The Development Corporation is committed to the highest possible standards in the delivery of its services, and for full accountability for those services. In line with that commitment employees are encouraged to come forward and voice any serious concerns they may have about the Development Corporation’s operations. It is recognised that certain matters will have to be dealt with on a confidential basis. This policy makes it clear that you can do so without fear of reprisals. This policy is intended to encourage and enable you to raise serious concerns within the Development Corporation rather than overlooking a problem or “blowing the whistle” outside.
- 1.3** The policy applies to all Officers, employees and any contractors working for the Development Corporation on Development Corporation premises. It also covers suppliers and those providing services under a contract with the Development Corporation in their own premises.

2. AIMS AND SCOPE OF THIS POLICY

- 2.1** This policy aims to:
 - (a) provide avenues for you to raise concerns and receive feedback on any action taken;
 - (b) allow you to take the matter further if you are dissatisfied with the Development Corporation’s response to the concerns expressed; and
 - (c) reassure you that you will be protected from possible reprisals or victimisation
- 2.2** Complaints systems are in place to provide a mechanism for individuals to complain about the standard of service, action or lack of action by the Development Corporation or its employees, which affect our services to the public. If you are an employee there are procedures in place to enable you to lodge a grievance relating to your own employment. The Confidential Reporting

Policy is intended to cover concerns that fall outside the scope of these procedures e.g. malpractice or wrongdoing. Thus any

serious concern that you may have regarding possible malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation (although complaints about Members' conduct will need to be forwarded to the Development Corporation's Monitoring Officer) or others acting on behalf of the Development Corporation, can and should be reported under this policy. Employees and Officers are expected to report malpractice and wrongdoing and may be liable to disciplinary action if they knowingly and deliberately do not disclose information relating to malpractice or wrongdoing in any aspect of service provision or the conduct of Officers or Members of the Development Corporation or others acting on behalf of the Development Corporation.

3. WHAT IS MALPRACTICE OR WRONGDOING?

3.1 Malpractice and wrongdoing may be about something which:-

- is unlawful; or
- against the Development Corporation's Procedure Rules or policies; or
- is not in accordance with established standards of practice; or
- amounts to improper conduct by an Officer or a Member.

The overriding concern should be that it would be in the public interest for the malpractice or wrongdoing to be corrected and, if appropriate, sanctions to be applied.

3.2 The following are examples of issues which could be raised under this policy. It is not intended to be an exhaustive list and there may be other matters which could be dealt with under the policy:

- (a) any unlawful act or omission, whether criminal or a breach of civil law
- (b) maladministration, as defined by the Local Government Ombudsman
- (c) breach of any statutory code of practice
- (d) breach of, or failure to implement or comply with any policy determined by the Development Corporation
- (e) failure to comply with appropriate professional standards or other established standards of practice
- (f) corruption or fraud
- (g) actions which are likely to cause physical danger to any person, or give rise to a risk of significant damage to property
- (h) failure to take reasonable steps to report and rectify any situation which is likely to give rise to a significant avoidable cost, or loss of income, to the Combined Authority or would otherwise seriously prejudice the Development Corporation
- (i) abuse of power, or the use of the Development Corporation's powers and authority for any unauthorised or ulterior purpose
- (j) unfair discrimination in the Development Corporation's employment or services

- (k) dangerous procedures risking health and safety
- (l) damage to the environment
- (m) other unethical conduct

4. SAFEGUARDS

4.1 HARASSMENT OR VICTIMISATION

The decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice or from the Development Corporation as a whole. The Development Corporation will not tolerate any harassment or victimisation and will take appropriate action in order to protect you if you raise a concern in good faith. In addition you are protected in law by the Public Interest Disclosure Act 1998, which gives employees protection from detriment and dismissal where they have made a protected disclosure, provided the legal requirements of the Act are satisfied.

This does not however necessarily mean that if you are already the subject of disciplinary procedures that those procedures will be halted as a result of a concern being raised under this policy.

4.2 CONFIDENTIALITY

It will be easier to follow up and to verify complaints if complainants are prepared to give their names. However, wherever possible the Development Corporation will protect those who do not want their names to be disclosed. It must be appreciated that any investigation process may nonetheless reveal the source of the information and that a statement from you may be required as part of the evidence.

4.3 ANONYMOUS ALLEGATIONS

Concerns expressed anonymously are much less powerful, and they will be treated with caution and considered at the discretion of the Development Corporation. In exercising this discretion, the factors to be taken into account would include:

- (a) the seriousness of the issues raised.
- (b) the credibility of the concern; and
- (c) the likelihood of obtaining the necessary information and confirmation of the allegation.

4.4 DELIBERATELY FALSE OR MALICIOUS ALLEGATIONS

The Development Corporation will view very seriously any deliberately false or malicious allegations it receives and will regard the making of any deliberately false or malicious allegations by any employee as a serious disciplinary offence which could result in dismissal.

If you make an allegation in good faith but it is not confirmed by the investigation, no action will be taken against you.

The Development Corporation will try to ensure that the negative impact of either a malicious or unfounded allegation about any employee is minimised. However, it must be acknowledged that it may not be possible to prevent all of the repercussions potentially involved.

5. HOW DO I RAISE A CONCERN?

5.1 If you suspect wrongdoing in the workplace:

- **do not** approach or accuse the individuals directly
- **do not** try to investigate the matter yourself
- **do not** convey your suspicions to anyone other than those with the proper authority, but **do** something!

5.2 As a first step, you should normally raise concerns with your immediate manager or supervisor. However, the most appropriate person to contact will depend on the seriousness and sensitivity of the issues involved and who is thought to be involved in the malpractice. For example, if you believe that senior management is involved in the matter of concern, or the normal channels of communication are inappropriate for some reason, as an employee of the Corporation you should approach a Nominated Officer (HR Advisor). If you feel that this would be inappropriate in the light of the particular matter concerned, or if you are not a Development Corporation employee, you can contact the Development Corporation's Monitoring Officer.

5.3 Concerns may be raised verbally but are better raised in writing. You are invited to set out the background and history of the concern giving relevant names, dates and places where possible, and the reason why you are particularly concerned about the situation. If you do not feel able to put your concern in writing you can telephone or meet the appropriate Officer.

5.4 The earlier a concern is expressed, the easier it is to take appropriate action.

5.5 Although you are not expected to prove the truth of an allegation that is made, it will be necessary for you to demonstrate to the person contacted that there are sufficient grounds for concern.

5.6 Advice and guidance on how matters of concern may be pursued can be obtained from the Development Corporation's Monitoring Officer.

5.7 Alternatively, you may wish to seek advice from your professional association.

6. HOW THE DEVELOPMENT CORPORATION WILL RESPOND

6.1 The action taken by the Development Corporation will depend on the nature of the concern. Where appropriate, the matters raised may:

- be investigated by management, internal audit, or through the disciplinary process
- be referred to the Police
- be referred to the external Auditor
- need to be the subject of a referral to the Development Corporation's Monitoring Officer
- form the subject of an independent enquiry

- 6.2** In order to protect individuals and the Development Corporation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of specific procedures (for example allegations of breaches of the Development Corporation's Code of Conduct, or discrimination issues) will normally be referred for consideration under these procedures.
- 6.3** Some concerns may be resolved by agreed action without the need for investigation.
- 6.4** Within 14 calendar days of a concern being raised under this procedure the relevant Officer will write to you:
- (a) acknowledging that the concern has been received;
 - (b) indicating how it is proposed to deal with the matter;
 - (c) giving an estimate (so far as reasonably practicable) as to how long it will take to provide a final response;
 - (d) telling you whether any initial enquiries have been made; and
 - (e) telling you whether further investigations will take place and if not, why not.
- 6.5** The amount of contact between you and the Officers considering the issues will depend on the nature of the matters raised; the potential difficulties involved; and the clarity of information provided. If necessary, further information will be sought from you.
- 6.6** Where any meeting is arranged, you have the right, if you so wish, to be accompanied by someone who is not involved in the area of work and/or the matter to which the concern relates.
- 6.7** The Development Corporation will take appropriate steps to minimise any difficulties you may experience as a result of raising a concern. For example, if you are required to give evidence in criminal or disciplinary proceedings the Development Corporation will advise you about the procedure.
- 6.8** The Development Corporation accepts that you need to be reassured that the matter has been properly addressed. Therefore, subject to any legal restraints, you will receive as much information as possible about the outcomes of any investigation.

7. HOW CAN I TAKE THE MATTER FURTHER?

- 7.1** This policy is intended to provide employees and other persons with an avenue to raise concerns **within** the Development Corporation and it is hoped that you will take this option in the first place. The Development Corporation hopes you will be satisfied with the action taken under the policy. If you are not, and you feel it is right to take the matter outside the Development Corporation, then depending upon the nature of the issue involved, the following are possible contactpoints:
- a) the External Auditor
 - b) relevant professional bodies or regulatory organisations
 - c) the Police
 - d) the Local Government Ombudsman

- e) Public Concern at Work
- f) an independent legal adviser within the meaning of the Public Interest Disclosure Act 1998
- g) a regulatory body designated for the purposes of the Public Interest Disclosure Act

7.2 If you do wish to take the matter outside the Development Corporation, you must first ensure that you do not disclose confidential information. Check with the Compliance & Governance Manager or the Monitoring Officer about that. In addition, if you wish to secure the protections afforded by the Public Interest Disclosure Act, you must ensure that your disclosure is protected within the meaning of the Act and that it complies with a set of specific conditions which vary according to whom the disclosure is made. Again please check with the Compliance & Governance Manager or the Monitoring Officer about these matters.

8. RESPONSIBILITY FOR THE POLICY

8.1 The responsibility for the effectiveness of this policy rests with the Monitoring Officer. That Officer will be advised about and maintain records of concerns raised and the outcomes (but in a form which does not endanger your confidentiality) and will report as necessary to the Development Corporation or one of its Committees.

Appendix IV

FINANCIAL REGULATIONS

1. Purpose and Scope

- 1.1 These regulations form part of the Development Corporation's Constitution and they set out the financial management policies of the Middlesbrough Development Corporation (The Development Corporation) and are a key part of the Corporation's financial governance arrangements. All references to The Development Corporation within these financial regulations shall be taken to include all Development Corporation Group entities.
- 1.2 These regulations lay down for the guidance of Members and Officers, principles to be followed in securing the proper administration of the financial affairs of the Development Corporation.
- 1.3 It is important that these Regulations are, and continue to be, relevant to the Development Corporation. They should be reviewed regularly to remain consistent with the Development Corporation's Constitution and related documentation and be in line with best practice and legislation.
- 1.4 Where references are made to Group entities and/or activities that may on occasion conflict with a Subscription and Shareholders Agreement (SSHA) of Group entities these Financial regulations will prevail.

2. Role of the Development Corporation

- 2.1 Many of the responsibilities for financial matters are defined within the constitution of which these regulations form part and the Scheme of Delegation. Responsibilities are either reserved for the Development Corporation's Board to exercise or delegate to specific officers such as the Group Chief Executive Officer and Director of Finance & Resources.
- 2.2 The Development Corporation has overall responsibility for ensuring that the Development Corporation's expenditure remains within the resources available to it.

- 3. The Development Corporation is responsible for approving the Financial Control Framework of the Development Corporation.

Role of the Group Director of Finance & Resources

- 3.1 The Group Director of Finance & Resources, shall be responsible for ensuring the proper administration of the Development Corporation's financial affairs.
- 3.2 The Group Director of Finance & Resources shall issue and keep under

continuous review, such instructions, advice or procedures relating to financial matters as he or she considers necessary to secure the proper administration of the Development Corporation's financial affairs.

- 3.3 The Group Director of Finance & Resources is responsible for reporting, where appropriate, breaches of Financial Regulations.
- 3.4 The Group Director of Finance & Resources has responsibility for ensuring compliance with the requirements of the Accounts and Audit Regulations relating to accounting records, control systems and audit.
- 3.5 If any financial issues arise which result in any uncertainty or ambiguity as to the correct procedure to follow under these regulations, then the Group Director of Finance & Resources shall have delegated powers to give a valid direction as to the appropriate procedure to follow.
- 3.6 The Group Director of Finance & Resources for the Development Corporation is fulfilled by the Group Director of Finance & Resources for the Combined Authority. If significant conflicts of interest arise between these two roles, these will be identified, and discussed with the Group Chief Executive Officer, who may direct another person to temporarily fulfil the role of Group Director of Finance & Resources for the purpose of resolving the significant conflict of interest.

4. Role of the Officers and Group entities ("the Group")

- 4.1 Chief Officers shall promote the financial management standards set by the Group Director of Finance & Resources and shall adhere to the standards and practices set down in these regulations.
- 4.2 It is the responsibility of Officers to consult with the Group Director of Finance & Resources and seek advice on any matters likely to have a material effect on the Development Corporation finances, before any decision is made.
- 4.3 If any Chief Officer or officer acting on behalf of the Development Corporation is aware of any contravention to these Financial Regulations, they must immediately notify the Group Director of Finance & Resources who shall determine appropriate action.

5. Accounting Policies

- 5.1 The Group Director of Finance & Resources is responsible for selecting Accounting Policies and ensuring that they are applied consistently. The key controls in Accounting Policies are that:
 - (a) Systems of internal control are in place to ensure that financial transactions are lawful.

- (b) Proper accounting records are determined and maintained.
- (c) Financial statements are prepared which represent fairly the financial position of the Development Corporation and its income and expenditure.

6. Financial Planning

- 6.1 The Group Director of Finance & Resources shall determine the appropriate timetable for the preparation of the annual budget that conforms to the statutory deadlines.
- 6.2 Each financial year, as part of the ongoing financial strategy, the Group, in consultation with the Group Director of Finance & Resources, will develop annual revenue and capital budget proposals for consideration by the Development Corporation's Board.
- 6.3 The Group shall prepare a statement of all resources and approvals covering a rolling programme identifying all approved schemes and programmes.
- 6.4 The Group Director of Finance & Resources will advise the Development Corporation on the robustness of budget proposals in accordance with his / her responsibilities under these financial regulations.
- 6.5 All revenue reserves held by the Development Corporation will be kept under review by the Group Director of Finance & Resources with a view to ensuring that they are spent on their specified purposes and that planned expenditure is properly phased.
- 6.6 The Group Director of Finance & Resources will also advise the Development Corporation on the prudent level of reserves and general balances.
- 6.7 The Group Chief Executive and Group Director of Finance & Resources will recommend approval of investment plans to the Development Corporation.

7. Financial Management – Revenue and Capital

Budget Monitoring and Control

- 7.1 The Group are responsible for monitoring their income and expenditure against the revenue and capital budgets approved by the Development Corporation.
- 7.2 The Group Director of Finance & Resources will establish an appropriate framework of financial management and control for the Development Corporation which ensures that;
 - (a) budget management is exercised within approved Development Corporation revenue and capital budgets;

- (b) expenditure and income is monitored using information held on the Development Corporation's corporate financial information system;
 - (c) timely and sufficient information on receipts and payments on each budget is available to enable managers to fulfil their budgetary responsibilities;
 - (d) additions and changes to approved expenditure plans require approval by the Board.
- 7.3 The Group must personally ensure that any information which suggests a potentially significant variation against their approved budget (both overspends and underspends) is notified at the earliest opportunity to the Group Director of Finance & Resources. Where appropriate, the Group Director of Finance & Resources shall prepare a specific report for the Development Corporation to consider the proposed approach to mitigate the effects of such variation.
- 7.4 Where additional revenue or capital resources become available, or are forecast to become available, the Group must notify the Group Director of Finance & Resources at the earliest opportunity.
- 7.5 The Group Director of Finance & Resources will prepare revenue and capital budget monitoring reports in conjunction with the Group for presentation to the Development Corporation on a regular basis. The frequency and content of these reports shall be determined by the Group Director of Finance & Resources, in consultation with the Development Corporation's Board.
- 7.6 Where the Group wish to propose new capital and revenue schemes or blocks for inclusion in the Development Corporation's programme, they must first consult the Group Director of Finance & Resources who will determine the approach to be taken for approval of the proposal. The proposals would need to be approved by the Development Corporation following advice from the Group Director of Finance & Resources.
- 7.7 Bids for external funding to support capital and revenue expenditure cannot take place until approved by the Group Director of Finance & Resources.
- 7.8 Expenditure cannot take place unless the scheme or programme is fully funded and approved.

8. Treasury Management

- 8.1 The Development Corporation's Treasury Management activities shall be defined as the management of its investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 8.2 All Treasury Management activity shall be undertaken in full compliance with the Chartered Institute of Public Finance & Resources and Accountancy's Code of

Practice: Treasury Management in Public Services (revised 2011) as may be revised from time to time or such other practices and procedures as may be approved by the Development Corporation.

- 8.3 Only the Group Director of Finance & Resources may enter into any borrowing, investment and financing arrangements on behalf of the Development Corporation.
- 8.4 The Group shall ensure that loans are not made to third parties and that interests are not acquired in companies, joint ventures or other enterprises without the prior approval of the Group Director of Finance & Resources.
- 8.5 The Group Director of Finance & Resources is responsible for formulating an annual Borrowing and Treasury Management Strategy for approval by the Development Corporation in advance of the year together with providing a mid-year review and annual report after its close.

9. Banking Arrangements, Cheque Security and Credit Cards

- 9.1 No Group officer/entity other than the Group Director of Finance & Resources may open any bank account in the name of the Development Corporation
- 9.2 The Development Corporation's banking terms and overdraft arrangements shall be agreed by the Group Director of Finance & Resources.
- 9.3 All arrangements for the ordering and issuing of cheques shall be agreed by the Group Director of Finance & Resources, who shall make proper arrangements for their custody.
- 9.4 All cheques drawn on behalf of the Development Corporation shall be signed by 2 of the 3 key nominated signatories – Group Chief Executive Officer, the Group Director of Finance & Resources and the Engineering & Programme Director.
- 9.5 Credit cards, charge cards and other payment methods held in the Authority's name may only be opened, closed and managed by the Group Director of Finance & Resources.
- 9.6 The Group Director of Finance & Resources will ensure that bank reconciliations are completed on at least a monthly basis.

10. External Funding / Grants

- 10.1 The Group Director of Finance & Resources must be consulted on and approve all submissions to central government, European Union, Tees Valley Combined Authority and external bodies for funding. Prior to making any submission in relation

to external funding, the Group must ensure that:

- (a) an exit strategy is identified to manage the ultimate cessation of the funding stream with no adverse impact on the Development Corporation;
 - (b) any match-funding requirements are given due consideration prior to entering into agreements and that future revenue budgets reflect these requirements; and
 - (c) they are able to comply with the terms and conditions of a grant scheme, including auditor certification requirements, before accepting them.
- 10.2 The Group must seek approval from the Group Director of Finance & Resources before accepting any offer of funding from external bodies.
- 10.3 The Group are responsible for ensuring that all expenditure to be funded by grant is properly incurred in accordance with the requirements and conditions of the funding body, and is supported by adequate evidence.
- 10.4 The Group are responsible for ensuring the completion and submission of grant claims. The Group must also ensure that grant claims comply with the requirements and grant conditions of the funding body, are submitted promptly, supported by adequate evidence and approved by the Group Director of Finance & Resources.
- 10.5 The Group are responsible for ensuring that any legal implications and risks of working with third parties are appropriately addressed. This will include any back to back agreements as required.

11. Income

- 11.1 All monies received on behalf of the Development Corporation shall be paid in full into the Development Corporation's bank account without delay.
- 11.2 The Group shall ensure that all accounts for income due to the Development Corporation are raised within five days on an official sales invoice which provides particulars of all charges to be made for work done, services rendered, or goods.
- 11.3 The Group Director of Finance & Resources shall be notified promptly of all money due to the Development Corporation and of contracts, leases and other agreements and arrangements entered into which involve the receipt of money.
- 11.4 Any proposal to introduce charges or make changes to existing charges for the provision of services must be approved by the Group Director of Finance & Resources.
- 11.5 Any write off of unrecoverable debt should be in accordance with the write off criteria set by The Group Director of Finance Resources.

12. Ordering of and Payments for Works Goods and Services

- 12.1 Wherever possible a purchase order is required for all purchases of goods and services and these must be raised within the Development Corporation's financial system.
- 12.2 The Group must ensure that orders represent legitimate liabilities of the Development Corporation, sufficient budgetary provision exists to cover the payment and expenditure is correctly coded.
- 12.3 All orders for goods and services must be made in accordance with the Development Corporation's Procurement Policy.
- 12.4 All purchase orders and payments must be approved as detailed in the Scheme of Delegation.
- 12.5 The Group have the responsibility to ensure that payments are made within the terms of the contract and legislative requirements.

13. Insurance & Risk Management

- 13.1 The Group Director of Finance & Resources shall be responsible for ensuring that all insurable risks of the Development Corporation are adequately covered, for maintaining the necessary records and for managing all claims on behalf of the Development Corporation.
- 13.2 The Group shall notify the Group Director of Finance & Resources promptly of all risks, liabilities, properties or vehicles which are required to be insured, and of any alterations affecting risk or insurances indicating the amount of cover required.
- 13.3 The Group shall immediately notify the Group Director of Finance & Resources of any fire, loss, accident or other event that may give rise to a claim against the Development Corporation's insurers.
- 13.4 Directors are responsible for ensuring that a register of significant risks is maintained, reported and monitored.

14. Internal Audit

- 14.1 The Group Director of Finance & Resources shall be responsible for maintaining an internal audit of all accounts and financial transactions of the Development Corporation, and shall satisfy himself/herself as to security arrangements for the custody and safeguarding of the Development Corporation's assets as laid down in any legislation applicable to the Development Corporation and any relevant codes of practice adopted by the Development Corporation.
- 14.2 The Group Director of Finance & Resources, or nominated individuals

undertaking internal audit functions, shall have authority to all relevant records of any Service, and shall be entitled to require the production property and to obtain information or explanations with regard to any matters under examination.

- 14.3 The Group shall notify the Group Director of Finance & Resources immediately of any circumstances which may suggest the possibility of irregularity or loss affecting the Development Corporation. Where the Group Director of Finance & Resources considers that an irregularity may have occurred, action shall be taken by way of an investigation and report.
- 14.4 Directors shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are implemented in a timely manner.
- 14.5 The Group Chief Executive and Group Director of Finance & Resources (the Statutory Officers), as outlined in clause 28 of the Development Corporation's Constitution, shall advise the Board when a Referral Decision may be required.
- 14.6 The Development Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision (Clause 33 of the Constitution) and notify the Group Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or the Combined Authority's liabilities.

15. Arrangements with external Organisation

- 15.1 The Group Director of Finance & Resources must be consulted prior to the establishment of any financial arrangements as part of partnerships or joint arrangements with external companies, other public organisations and community and voluntary groups. No partnership or joint arrangements shall be entered into without the approval of the Development Corporation.
- 15.2 Directors must confirm whether any arrangement requires the Development Corporation to be designated an 'Accountable Body'. Where this is the case, the Group Director of Finance & Resources must be consulted and approval of the Development Corporation must be obtained prior to the arrangement becoming operational.
- 15.3 The financial arrangements of all partnerships where the Development Corporation is the Accountable Body should meet the requirements of the Development Corporation's Financial Procedure Rules and Contract Procedure Rules.

Appendix V

SCHEME OF DELEGATIONS TO CHIEF OFFICERS

1. Introduction

This Scheme of Delegation has been adopted by the Board (meaning the members of the Middlesbrough Development Corporation meet as such) and can only be altered by the Board.

The roles of Group Chief Executive Officer and Group Director of Finance and Resources of the Development Corporation are discharged by the Group Chief Executive Officer and Group Director of Finance and Resources respectively.

The scope of this Scheme of Delegation applies to the MDC where defined below: -

MDC Board approves, and/or delegates to its statutory officers in consultation with the Chair, the necessary matters reserved for Board

1.1 Group Chief Executive Officer (CEO)

The CEO shall fulfil the statutory role of Accounting Officer. The CEO is responsible for the corporate management and overall operational capacity of the Development Corporation, including the strategic management of all of the Development Corporation's staff.

The CEO is appointed the Proper Officer for the purpose of receiving a list of the Development Corporation's politically restricted posts.

The CEO cannot be the Monitoring Officer.

1.2. Monitoring Officer

Under the provisions of s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the Monitoring Officer) shall apply as if the Corporation were a Committee to the Combined Authority. The Monitoring Officer will be responsible for promoting and maintaining high standards of conduct. The Monitoring Officer will provide advice on the scope of powers and authority to take decisions, maladministration and probity to all Members and provide a comprehensive service to the Development Corporation Board.

The Monitoring Officer to the Development Corporation is appointed the Proper Officer in relation to the following functions under the Local Government Act 1972:

Determination of those reports which should be available for public inspection prior to a meeting of the Development Corporation Board, the Audit and Risk Committee and any other of the Development Corporation and those which are likely to be heard in private and consequently which should not be released to the public (section 100B (2)).

- a) Provision of documents to the press, additional to committee reports (section 100B(7)).
- b) Preparing written summaries of proceedings (section 100C (2)).
- c) Making arrangements for lists of background papers to reports to be compiled, and for copies of documents on those lists to be made available for public inspection (section 100D (1))
- d) Advising on what may or may not be a background paper for the purposes of reports which are open to public inspection (section 100D (5))
- e) Determination of documents disclosing exempt information which may not be inspected by Members (section 100F (2)).
- f) Signature or authentication of Summonses to the Development Corporation Board (paragraph 4 (1A) (b) of Schedule 12).
- g) Declaration and Certificates with regard to securities (section 146 (1)(a) and(b)).
- h) Deposit of documents (section 225 (1)).
- i) Certifications of photographic copies of documents (section 229 (5)).
- j) Issuing and signing of formal notices (section 234 (1) and (2)).

The Monitoring Officer is also appointed the Proper Officer for the following purposes:-

- k) Certification of copies of resolutions, minutes, other documents.
- l) Exceptions to the overview and scrutiny and publicity requirements relating to key decisions (the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017).

The Monitoring Officer will maintain an up to date Register of Member's interests and an up to date version of the Constitution and will ensure that it is widely available for consideration by Members, officers and the public.

The Monitoring Officer will contribute to the promotion and maintenance of high standards of conduct and be responsible for the receipt and acknowledgement of complaints of failure by a Member of the Development Corporation to comply with the Members Code of Conduct.

The Monitoring Officer cannot be the Group Chief Executive Officer or the Group Director of Finance & Resources.

1.3 Group Director of Finance & Resources

The Group Director of Finance & Resources has responsibility for ensuring lawfulness and financial prudence of decision making. The Group Director of Finance & Resources is appointed Proper Officer in relation to the following:

- a) receipt of money due from officers (Local Government Act 1972, section 115 (2); and
- b) proper administration of the financial affairs of the Development Corporation.

The Group Director of Finance & Resources will provide advice and guidance to all Members on financial impropriety and budgetary issues and will report to the Development Corporation regarding any proposal, decision or course of action that will involve incurring unlawful expenditure, or that is unlawful and is likely to cause a loss or deficiency on the part of the Development Corporation (including all entities within the Development Corporation Group), or if the Development Corporation, or any of its Group entities, is about to enter an item of account unlawfully.

1.4 General

All officers in whose name reports are submitted to the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board, shall submit such reports via the Monitoring Officer for:

- a) Compilation and retention of lists of background papers and copies of the relevant documents and reports.
- b) Identifying and determining what are background papers.

2. Scheme of Delegation of Functions to Chief Officers

2.1 Section 101 of the Local Government Act 1972 enables the Development Corporation to delegate the discharge of any of its functions to its officers.

2.2 Section 107D of the Local Democracy, Economic Development and Construction Act 2009 enables the Mayor to arrange for an officer of the Development Corporation to exercise any functions exercisable by the Mayor.

2.3 This part of the Constitution specifies those powers of the Development Corporation and the Mayor which, for the time being, are exercisable from time to time by officers of the Development Corporation, and stating the title of the officer in question by whom the powers are exercisable.

2.4 Chief Officers in the context of this Constitution mean the Group Chief Executive Officer, the Group Director of Finance & Resources.

2.5 The delegated powers of Chief Officers set out in this Scheme may be exercised by other officers authorised by the Chief Officer with the delegated power to act on their behalf and in their name, provided that appropriate administrative procedures are in place to record the authorisation and monitor decisions taken.

2.6 The exercise of delegated powers by officers is required to be in accordance with and subject to:

- a) Statute or other legal requirements, including the principles of public law, the

Human Rights Act 1998, statutory guidance and statutory codes of practice;

- b) this Constitution, the Development Corporation Board's Rules of Procedure and Financial Regulations currently in force;
- c) the revenue and capital budgets of the Development Corporation, subject to any variation thereof which is permitted by the Corporation's Financial Regulations; and
- d) any policy or direction of the Development Corporation Board, the Audit & Risk Committee and any workstream established by the Board acting in exercise of the powers delegated to it by the Development Corporation.

2.7 Officers may **not** exercise delegated powers where:

- a) the matter is reserved to the Development Corporation Board, or the Mayor, and is to be exercisable only by them, by law or by this Constitution
- b) the matter is a function which cannot by law be discharged by an officer;
- c) the Development Corporation Board, or a committee, sub-committee or joint committee to which the Development Corporation is a party, has determined that the matter should be discharged otherwise than by an officer.

2.8 Where in relation to an item before the Development Corporation Board, Audit & Risk Committee and any workstream established by the Board, a Chief Officer is given specific authority to determine a particular matter, the officer should ensure that there is an appropriate audit trail to evidence such a determination.

2.9 Any reference in this Scheme of Delegation to any enactment shall include a reference to any amendment or re-enactment of the same.

3. General Delegations to all Chief Officers (unless otherwise stated)

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| GD1 | The day to day routine management, supervision and control of services provided for the Development Corporation by staff under its control in accordance with the Rules of Procedure and Financial Regulations of the Development Corporation. |
|-----|--|

Contracts and Accounts

- | | |
|-----|--|
| GD2 | The disposal of surplus or obsolete equipment to the person submitting the highest quotation up to a limit of £10,000 in value. |
| GD3 | The acceptance of the best value tender or quotation (Group Chief Executive Officer and Group Group Director of Finance and Resources): |

GD4

GD5

- a) For the supply of goods, materials or services for which financial provision has been made in the Development Corporation's Budget and that do not exceed £1,000,000, and
- b) For building and civil engineering works for which financial provision has been made in the Development Corporation's Budget and that do not exceed £10,000,000

The invitation of quotations for contracts for the supply of goods, materials or services from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

The invitation of quotations for contracts for the execution of works from at least three persons, subject to financial provision having been made in the Revenue or Capital Budget of the Development Corporation.

GD6 The provision of services or the purchase of materials or minor items of equipment for which provision has been made in the revenue estimates.

4. Delegations to the Group Chief Executive Officer

- CEO1 To discharge the functions of the Group Chief Executive Officer in relation to the Development Corporation.
- CEO2 To engage officers on behalf of the Development Corporation in order to coordinate and carry out its functions.
- CEO3 To discharge any function of the Development Corporation which has not been specifically delegated to another officer or reserved to the Development Corporation Board or Audit Committee whether by law or by this Constitution.
- CEO4 To take all action which is necessary or required in relation to the exercise of any of the Development Corporation's functions or the functions of the Mayor (other than those functions which by law can be exercised only by the Development Corporation or by the Mayor), having regard to the Development Corporation's or Mayor's approved plans, policies or strategies and the Development Corporation's budget, and all enabling legislation.
- CEO5 Take any action which is necessary or required as a matter of urgency in the interests of the Development Corporation, in consultation (where practicable) with the Chair of the Development Corporation Board, the Monitoring Officer and the Group Director of Finance & Resources and the Group Engineering & Programme Director.
- CEO6 Nominate, appoint and remove, in consultation with the Chair of the Development Corporation Board, Development Corporation

representatives on the board of companies, trusts and other bodies, and to agree constitutional arrangements for such companies, trusts and other bodies, and give any necessary consent required within their relevant constitutions.

- CEO7 To authorise any named officer of the Development Corporation to exercise functions delegated to the Group Chief Executive Officer, the Group Director of Finance & Resources or the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.
- CE08 Authentication of documents and the use of the corporate seal, following appropriate consultation with the Monitoring Officer and Chair of the Board

5. Delegations to the Group Director of Finance & Resources

- DoFR1 To effect the proper administration of the Development Corporation's financial affairs particularly in relation to financial advice, procedures, records and accounting systems, internal audit and financial control generally.
- DoFR2 After consulting, so far as practicable with the Group Chief Executive Officer, the Engineering & Programme Director and the Monitoring Officer, to report to the Development Corporation Board if it appears to him/her that a decision has been made, or is about to be made which involves or would involve the Development Corporation incurring unlawful expenditure, or that a course of action has been taken or is about to be taken which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Corporation, or that an item of account is about to be made which is unlawful. Such a report will have the effect of prohibiting the proposal, decision or other action being implemented until the report has been considered.
- DoFR3 The taking of all action required on borrowing, investment and financing subject to the submission to the Development Corporation Board of an annual report of the Group Director of Finance & Resources on Treasury Management activities at six-monthly intervals in accordance with CIPFA's Code of Practice for Treasury Management and Prudential Codes.
- DoFR4 To effect all insurance cover required in connection with the business of the Development Corporation and to settle all claims under such insurances arranged for the Development Corporation's benefit.
- DoFR5 To discharge the functions of the Development Corporation under the Accounts and Audit (England) Regulations 2015 (with the exception of Regulations 6(2), 9(2) and 20(1)).
- DoFR6 To be the officer nominated, or to nominate in writing another officer, as the

person to receive disclosures of suspicious transactions for the purposes of the Proceeds of Crime Act 2002 and any Regulations made thereunder.

DoFR7 To exercise the responsibilities assigned to the Group Director of Finance & Resources in the Development Corporation's financial arrangements and procedures and in its Procurement Policy.

DoFR8 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Group Director of Finance & Resources, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.

6. Delegations to the Monitoring Officer

MO1 The Monitoring Officer is authorised to:

- a) institute, prosecute, defend, withdraw, conduct, settle or appeal any administrative action and/or any legal proceedings on behalf of the Development Corporation;
- b) negotiate, issue, conclude and/or sign or execute any notice, document or agreement in any case where such action will facilitate, or be conducive or incidental to the carrying out of any decisions of the Development Corporation Board; or in any case where the Monitoring Officer considers that such action is necessary to protect the Development Corporation's interests, or to further or achieve the objectives of the Development Corporation; and
- c) settle or otherwise compromise any such administrative action or legal proceedings if they have been commenced or there are reasonable grounds for believing such actions or proceedings may be contemplated.

MO2 Authentication of documents and the use of the corporate seal.

MO3 After consulting, so far as practicable, with the Group Chief Executive Officer, Group Director of Finance & Resources, the Monitoring Officer will report to the Development Corporation Board if he/she considers that any proposal, decision or omission has given rise to or is likely to or would give rise to a contravention of any enactment or rule of law or any maladministration or failure as determined following an investigation by the Local Government Ombudsman. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

MO4 To accept on behalf of the Development Corporation Board in-year changes to the membership of the Audit & Risk Committee and other workstreams established by the Board.

MO5 To make minor changes to the Constitution and its associated documents in order to reflect organisational or legislative change when the power remains

unaltered.

- MO6 To make any textual or grammatical corrections to the Constitution and its associated documents.

Supporting the Standards Regime

- MO7 To receive and acknowledge complaints of failure to comply with the Members' Code of Conduct under the Development Corporation's adopted local standards arrangements.
- MO8 To review complaints received in respect of any alleged breach by a Member of the Code of Conduct for Members and to act in accordance with the Development Corporation's adopted local arrangements.
- MO9 The Monitoring Officer will, where considered appropriate, either conduct or arrange for investigations to be conducted into alleged breaches of the Members' Code of Conduct referred to him/her.
- M10 The Monitoring Officer will undertake informal resolution of such complaints in accordance with the Development Corporation's adopted local arrangements.
- M11 To authorise any named Officer of the Development Corporation to exercise functions delegated to the Monitoring Officer, including the functions of a consultee in relation to the exercise of an Officer's delegated powers.



TRANSPORTER BRIDGE

BOHO

**MIDDLESBROUGH
TRAIN STATION**

**MIDDLESBROUGH
COLLEGE**

RIVERSIDE STADIUM

**NORTHERN
SCHOOL OF ART**

**CAPTAIN COOKS
REDEVELOPMENT**

CENTRE SQUARE

TEESSIDE UNIVERSITY