

Tees Valley Combined Authority Cabinet Agenda

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Date: Friday, 16th February, 2018 at 10.00am

Venue: Cavendish House, Teesdale Business Park, Stockton-on-Tees,
TS17 6QY

Membership:

Mayor Ben Houchen (Tees Valley Mayor)
Mayor David Budd (Mayor of Middlesbrough)
Councillor Bill Dixon (Leader of Darlington Borough Council)
Councillor Christopher Akers-Belcher (Leader of Hartlepool Borough Council)
Councillor Sue Jeffrey (Leader of Redcar and Cleveland Borough Council)
Councillor Bob Cook (Leader of Stockton-on-Tees Borough Council)
Paul Booth (Chair of Tees Valley Local Enterprise Partnership)

Associate Membership:

Darren Hankey (Member of Tees Valley Local Enterprise Partnership)
Professor Paul Croney (Member of Tees Valley Local Enterprise Partnership)
Jerry Hopkinson (Member of Tees Valley Local Enterprise Partnership)
Angela Howey (Member of Tees Valley Local Enterprise Partnership)
Alistair Hudson (Member of Tees Valley Local Enterprise Partnership)
Mike Matthews (Member of Tees Valley Local Enterprise Partnership)
Siobhan McArdle (Member of Tees Valley Local Enterprise Partnership)
Nigel Perry (Member of Tees Valley Local Enterprise Partnership)
David Soley (Member of Tees Valley Local Enterprise Partnership)
Albert Pattison (Member of Tees Valley Local Enterprise Partnership)
Graham Robb (Member of Tees Valley Local Enterprise Partnership)

AGENDA

- 1. Apologies for absence**
- 2. Declarations of Interest**
- 3. Combined Authority Budget 2018/19**

Report Attached
Annex A Attached

Tees Valley Combined Authority Cabinet Agenda

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4. Inspiring Our Future

Strategy to Follow

5. Date of next Meeting

Thursday 22nd February 12noon (Special Cabinet Meeting)

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: Sarah Brackenborough, 01642 524423 or sarah.brackenborough@teesvalley-ca.gov.uk.

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 five Councils are constituent authorities of the Combined Authority, integrated within 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. 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.

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AGENDA ITEM 3

**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET**

16 FEBRUARY 2018

**REPORT OF THE
MANAGING DIRECTOR**

PORTFOLIO: INVESTMENT

BUDGET 2018/19 AND INVESTMENT PLAN

SUMMARY

This paper sets out the basis on which Cabinet should consider an amendment to the Combined Authority's Budget, proposed at the Cabinet meeting on 5th February and agreed by the Cabinet Members for the Constituent Authorities (excluding the Mayor). Under our constitution and the statutory arrangements for Combined Authorities, the Cabinet is reconvened on 16th February to further consider the Amendment, and to take into account the views expressed by the Mayor on this matter. This is the only amendment that can now be considered at this meeting, and the Budget is otherwise approved.

The Mayor's view is that the amendment should not be supported, and his reasons are set out in this paper. Nevertheless, under the statutory arrangements the amendment can be agreed by a majority of Cabinet Members from the Constituent Authorities, excluding the Mayor. Associate Members are invited to express views, but have no vote.

This paper also summarises the response to other issues raised by Members during the discussion of the Budget at Cabinet.

RECOMMENDATIONS

It is recommended that Members appointed by the Constituent Councils consider the Budget Amendment set out in paragraph 2, in the light of the views expressed by the Tees Valley Mayor and the advice of officers set out in this paper, and vote on whether to either approve or withdraw that Amendment.

DETAIL

1. On 5th February Cabinet considered an amendment to the Combined Authority's Budget, proposed by Cllr Jeffrey. Following discussion, the amendment was supported by the five Cabinet Members appointed by the constituent authorities, who

are the only Members entitled to vote on this matter. The proposal amendment was approved as follows:

That given the lack of any new plan for Durham Tees Valley Airport and the resulting risk to Local Authority investment in the airport that, in line with the Combined Authority/Durham Tees Valley Airport development proposal set out in March 2017, the CA agree that the £0.5m funding for legal and financial assessments set out in paragraph 28 support proposals made by Peel Holdings in their letter of 2nd February 2018 for route support, marketing and enhanced airport services. That this arrangement be progressed with utmost priority to support Peel Holdings in securing the viability of the airport post 2021.

3. The Combined Authorities (Finance) Order 2017 sets out the basis on which Budget amendments should now be considered, and these provisions are also reflected in the Combined Authority's Constitution. The Mayor is required to respond to the Amendment at least 5 working days after receipt of the proposed amendment, and his response is set out in paragraph 7 below.
4. The Amendment refers to a proposal received by the Mayor on February 2nd from the Chair of Durham Tees Valley Airport, to allocate £425,000 to support route development and improvements to retail facilities at Durham Tees Valley Airport. DTVA have confirmed to us that the detail of the proposal is commercially confidential, and has therefore been circulated to Members separately. In summary, it proposes:
 - Support to enable additional tour operations in the summer season
 - Marketing support to increase demand for existing routes
 - Market support to establish new routes; and
 - Capital investment to establish a confectionary, tobacco and news duty free outlet.
5. At the meeting on 5th February, the Monitoring Officer responded to a number of questions from Members about the proposed Amendment. He advised that the proposed Amendment would, if passed, set aside financial resources to accommodate the proposal from Durham Tees Valley Airport. Specific project approval would, however, be subject to further analysis by officers, and the due diligence process. A decision on the project would then be subject to the normal decision-making arrangements for the Combined Authority, which require support by both the Mayor and a majority of Cabinet members.
6. It was further noted that a special Cabinet meeting was being established to consider the wider issues around the future of Durham Tees Valley Airport, and that the Overview and Scrutiny Committee had also proposed a further discussion. In discussion, a number of Members argued that all future options for the Airport should be investigated by the Combined Authority, and it was confirmed that the Amendment did not seek to restrict the ability of Combined Authority officers to properly assess the financial and legal implications of different options which might be considered by Cabinet in due course.

The Mayor's Response to the Proposed Budget Amendment

7. As required by the Combined Authority's Constitution, the Mayor has considered the Amendment proposed at paragraph 2. He is required, within at least 5 working days of the 5th February meeting, to either: reject the amendment, accept it, or propose an alternative.
8. The Mayor has confirmed the view he expressed at the 5th February meeting as follows:
 - He affirms the commitment that Durham Tees Valley Airport should have a strong and sustainable future, and make a stronger contribution to the future economic growth of the Tees Valley.
 - He believes that this is best secured through proposals to bring Durham Tees Valley Airport back under public ownership, and will continue to progress with the necessary work, under delegated arrangements, for officers and external financial and legal experts to develop this option in advance of consideration by Cabinet.
 - He is disappointed that the proposal from Durham Tees Valley Airport was submitted on the Friday before the Combined Authority's Budget meeting on the following Monday, and that it is therefore not appropriate for Cabinet to commit resources without analysis of the proposal.
 - His view is that Peel Holdings should first demonstrate that they have plans for the re-investment of resources secured from housing development at the Airport site, before requesting financial support from the taxpayer.
 - He notes that proposals for the Combined Authority to support the growth of Durham Tees Valley Airport can already be accommodated within the proposed Budget without the need for Amendment, through uncommitted allocations to transport and infrastructure set aside under the agreed Investment Plan.
 - He notes the position set out in paragraph 1, but wishes to make clear that;
 - the Amendment is not necessary to achieve the Leaders' aims;
 - any project to utilise the proposed sum set out in the Amendment can only be agreed if the Mayor supports it;
 - and that by virtue of the above, the Mayor can veto any project presented to Cabinet for consideration.
9. Given this position, the Mayor continues to oppose the Amendment.

Other matters discussed in connection with the Budget

10. A number of other matters were raised during the Cabinet meeting.
11. The Monitoring Officer advised that separate proposals put forward to amend the arrangements for delegated decisions were not covered by the special decision-making arrangements in place for Budget arrangements, and the Combined Authority's normal decision-making arrangements applied. As a result, the Mayor was entitled to vote to oppose these proposals. Under paragraph 26 of the Combined Authority's Constitution, the proposals were therefore neither approved nor rejected, and the existing delegation arrangements previously set by Cabinet continue to apply.
11. In response to other queries raised by Members in connection with the Budget:

- The Managing Director confirmed that the Combined Authority was working closely with Hartlepool Council to establish a future for the Hartlepool Nuclear Power Station. Work to explore future options is currently underway through the development fund, and the proposed Budget would accommodate any further work that might be necessary.
- The Managing Director confirmed that the Budget specifically referenced the proposal to bid for Capital of Culture 2025, and that resources were set aside within the Combined Authority's Investment Plan for cultural investment. Cabinet would have the opportunity to take stock of the overall culture and tourism programme at a forthcoming Cabinet meeting.
- Members requested further information on the proposed increase in core costs to accommodate new responsibilities, and the degree to which these were specifically funded by additional resources from central government. This information is outlined in appendix A.
- In response to a query about the reference in the Pay Policy Statement to the re-employment of former employees on non-employment contracts, the Managing Director provided assurance that there had be no such cases, and would only apply in exceptional circumstances. He confirmed that, if the situation did arise Cabinet members would be consulted, and any such arrangement would not progress without their support. The pay policy statement has been amended accordingly.

12. No Budget Amendments were proposed in relation to these matters.

FINANCIAL IMPLICATIONS

13. This report sets the budget for the Combined Authority.

LEGAL IMPLICATIONS

14. As a Mayoral Combined Authority we are legally required to set a budget for the coming financial year and a Medium Term Financial Plan covering the coming financial year and the three years thereafter. Under our constitution, we are also required to have an Investment Plan.

RISK ASSESSMENT

15. This Budget is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION

16. Consultation was undertaken with the public and key stakeholders from 24th November 2017 to 5 January 2018. The Overview and Scrutiny Committee have undertaken their Task and Finish Group process during the consultation period.

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ANNEX A

Staff Cost Analysis

Post Name	17/18 BUDGET		18/19 BUDGET	
	FTE	Total	FTE	Total
Mayoral Office	3.00	157,300	4.00	171,965
MD & Directors	4.00	519,674	5.00	647,123
Finance			2.00	82,649
Legal & Commercial			3.00	170,968
Governance, Policy & Office Support	9.00	327,860	12.47	455,870
Comms & Marketing	4.00	172,336	5.50	292,266
Housing	1.00	96,787	1.00	98,746
Business Support	6.00	283,948	6.00	293,396
Business Finance			1.80	103,235
Education, Employment & Skills	4.00	242,676	9.00	451,950
Economic Strategy & Intelligence	4.00	177,904	4.81	222,336
Transport	6.00	313,501	7.00	371,776
Strategic Investment & Planning	5.00	224,719	10.81	420,013
Culture	2.00	147,621	2.00	150,619
Insurance - budget moved to non staffing		15,000		
Redundancy - no longer required		6,260		
Training		5,000		15,000
Core Staffing	48	2,690,586	74	3,947,912

Movement in Costs

Net staff increase	1,257,326
Net non staff efficiencies	(91,000)
Net increase in costs	1,166,326
Additional Income	(516,470)
Net Increase	649,856

Analysis of Efficiencies

	£'000
Mayoral Office	(12)
Finance	(53)
Legal & Commercial	(20)
Governance, Policy & Office Support	(60)
Comms & Marketing	(15)
Economic Strategy & Intelligence	(10)
Transport	(51)
Strategic Investment & Planning	(56)
Total efficiencies	(277)