

**REPORT OF GROUP DIRECTOR OF FINANCE AND RESOURCES****FREEPORT GOVERNANCE AND WORKSTREAM REVIEW****SUMMARY**

The purpose of this paper is to provide an update to Teesside Freeport Governance Board on a refresh to the governance structure to reflect the move from business case development into pragmatic delivery.

**RECOMMENDATIONS**

It is recommended that the Board

- i. Approves the revised two workstream structure proposed in this report.
- ii. Appoints the workstream chairs and TVCA Secretariat leads for the workstreams

**Existing Governance Structure**

1. Following submission on 30<sup>th</sup> April 2021 of our proposed Governance and Capacity arrangements for implementation and delivery, approval was granted by DLUCH (then MHCLG) which also released revenue funding towards the cost of developing the Freeport business case and early operational phase.
2. The structure proposed, and subsequently implemented, draws on the governance framework established in the Tees Valley Combined Authority (TVCA) Assurance Framework. This government approved framework provides a robust, independently government reviewed, framework that preserves TVCA's ability to be meaningfully accountable for public money.
3. The proposals were designed to encompass effective governance arrangements for both the "set-up" phase and ongoing delivery. This proposal was intended to negate the need to review and revise governance upon designation which would provide a high level of continuity and consistency in governance across the two stages. This ensured that the development and delivery of the Freeport has the full support of those with the statutory powers and responsibilities to ensure its delivery.
4. During the pre-designation phase the Shadow Governance Board was established supported by three Shadow Workstreams, comprising:
  - a. Strategy and accountability for Public Money
  - b. Assurance and Compliance
  - c. Inward Investment and Innovation

5. On designation in November 2021, the governance board became a statutory board replacing its 'shadow' status.
6. The structure of workstream activities, which supported the Board proved effective and succeeded in the achievement of Freeport Status and agreement of the Full Business Case, confirmed by Memorandum of Understanding (MoU) signed in February 2023. The Governance structure proposed is set out in Annex J of the Full Business Case, and therefore is a part of the MoU.

### **Workstream Review Requirement**

7. Changes in 2023, such as the TVCA corporate restructure, electoral results, the exit of Freeport Director, and change from LEP to Business Board affect the personnel involved in Teesside Freeport, and its operating environment. This means it is now appropriate to review and reassess of roles and functions to ensure successful implementation of the business plan and encourage greater involvement of stakeholders in delivery.
8. In planning the move into delivery and recognising the importance of the Skills agenda within delivery of growth and recruitment into new jobs, a restructure of the workstreams created the Innovation & Skills workstream, separate from the Inward Investment workstream. Meeting recurrence reduced from monthly to quarterly aligned with the quarterly Board meeting. The intention is to retain purpose and engagement of group memberships by assessing the most efficient workstream setup going forward.
9. The review draws from the original terms of reference for each workstream which defined the purpose of each group, the people involved in each, and proposes a more efficient use of resource better aligned to the functions of the matrix team and board secretariat provided by the restructured TVCA.
10. The extract of functions for each workstream is provided at Appendix 1. This shows that the functional activities proposed are more aligned to the operational phase, with pragmatic tasks added into the updated Terms of Reference.
11. The activities fall into two distinct themes: of operational control mechanisms and external facing proactive business generation activities. This grouping also aligns with TVCA directorate structure, with the management of finance and risk sitting within the Finance and Resource Directorate, and the inward investment, skills and innovation themes sitting within the Business Solutions Directorate.
12. It is recommended that the workstreams are re-aligned, to streamline the number of workstream meetings into two, which will reduce the burden for stakeholders to provide resource to the workstreams and provide richer content to stimulate engagement and debate. If it is necessary, additional task and finish groups could be used for specific bursts of activity.

13. The proposed two new workstreams, Inward Investment and Marketing, chaired by the Tees Valley Business Board Chair and Risk and Accountability Workstream chaired by Redcar & Cleveland Borough Council Leader. The workstreams terms of reference can be seen in Appendix 2.

### **FINANCIAL IMPLICATIONS**

14. The budget for the project would be monitored by the proposed Risk and Accountability workstream subject to approval of this report. TVCA provides assurance and management of the funding as the accountable public body.
15. The resource implications for the management of meetings is reduced, however, the work to support the workstreams remains unchanged.

### **LEGAL IMPLICATIONS**

16. There are no specific legal implications arising from this report.

### **RISK ASSESSMENT**

17. The approach to Risk is provided under a separate agenda item.

### **CONSULTATION & COMMUNICATION**

18. Stakeholder engagement meetings have continued during the period between meetings both on an individual and reference group basis.
19. The workstream meetings will re-commence following this board meeting.
20. The Business Solutions Director attends the DHLUC Freeport SRO Group meeting of all Freeports on behalf of TVCA.

### **EQUALITY & DIVERSITY**

21. No specific impacts on groups of people with protected characteristics have been identified.

Name of Contact Officer: Gary Macdonald  
Post Title: Group Director of Finance and Resources  
Email Address: [Gary.Macdonald@teesvalley-ca.gov.uk](mailto:Gary.Macdonald@teesvalley-ca.gov.uk)

### **Appendix 1: Extract from Terms of Reference, FBC, Annex J**

The role of the board is to achieve Freeport policy objectives:

- a. establish the Freeport as a national hub for global trade and investment
- b. promote regeneration and job creation
- c. create a hotbed for innovation

Achieved by discharging the following functions: -

- a. Market the Freeport effectively to procure private investment into the Freeport
- b. Provide appropriate support to investors who commit to the Freeport to help deliver their investment
- c. Make use of the public Freeport measures provided to deliver a Freeport (such as regeneration funding and Local Development Orders)
- d. Provide an innovation function which:
  - i. supports innovative businesses where they require input
  - ii. coordinate and facilitate submissions for place-based innovation or challenge funds and regulatory support from Freeport firms
- e. Monitor and maintain integration with local economic strategies
- f. Formally report to MHCLG through the area lead periodically and at least annually on how the Freeport is delivering on the strategy set out in their winning bid
- g. Comply with MHCLG's requirements on monitoring and evaluation (such as data collection and provision regarding new jobs, businesses created and private investment attracted)
- h. Ensure public funds are discharged efficiently and effectively and economically overseeing all necessary financial reporting requirements into the Freeport Governance Board
- i. Actively manage security risks across physical, personnel, and cyber domains, and work with MHCLG, HMRC, Border Force, the NCA, and Home Office to conduct an annual audit of the security measures in place and any breaches

Facilitated by workstreams:

- Strategy & accountability for public money workstream: functions e to h
- Assurance and compliance workstream: function i
- Inward Investment & Innovation workstream: functions a to d

Extracted from Board Papers 21<sup>st</sup> July 2022 Revised workstreams

- Strategy & accountability for public money workstream: functions f, g, h with the additional requirement to Review delivery timelines for implementation of Tax & Custom zones.
- Risk workstream (formerly Assurance and compliance workstream): function i, with the additional requirement to:
  - Review and recommend improvement to system of mitigation within the Freeport.
  - Review and recommend improvement to customs control and facilitation process to HMG through FREN / SRO mechanisms.
- Inward Investment & Marketing workstream: functions a and b, plus
  - Plan / Coordinate freeport marketing direction
  - Review alignment with Freeport sectors

- Innovation & Skills workstream: functions d with the additional skills requirements to
  - Review the creation of new roles associated with the Freeport and identifies the skills gaps
  - Recommends an action plan to address skills gaps and support a programme of re-employment.