

**TEES VALLEY COMBINED AUTHORITY
OVERVIEW & SCRUTINY COMMITTEE**

**Meeting Room, Cavendish House, Teesdale Business Park,
Stockton-on-Tees**

Wednesday, 12th October 2016 at 10.30am

MEETING

ATTENDEES

Members

Councillor Phil Dennis (Chair)	Stockton on Tees Borough Council	SBC
Councillor Ian Haszeldine	Darlington Borough Council	DBC
Councillor Sonia Kane	Darlington Borough Council	DBC
Councillor Heather Scott	Darlington Borough Council	DBC
Councillor Jean Sharrocks	Middlesbrough Borough Council	MBC
Councillor Bob Norton	Redcar & Cleveland Borough Council	R&CBC
Councillor Phillip Thomson	Redcar & Cleveland Borough Council	R&CBC
Councillor Derrick Brown	Stockton on Tees Borough Council	SBC
Councillor Norma Stephenson	Stockton on Tees Borough Council	SBC

Apologies for absence

Councillor Stephen Akers-Belcher	Hartlepool Borough Council	HBC
Councillor Marjorie James	Hartlepool Borough Council	HBC
Councillor Kaylee Sirs	Hartlepool Borough Council	HBC
Councillor Jon Rathmell	Middlesbrough Borough Council	MBC
Councillor Denise Rooney	Middlesbrough Borough Council	MBC
Councillor Glyn Nightingale	Redcar & Cleveland Borough Council	R&CBC

Officers

Andrew Lewis	Managing Director TVCA	TVCA
Sharon Jones	Scrutiny Officer	TVCA
Keith Wilson	Economic Strategy & Intelligence Manager	TVCA
Peter Bell	Governance Officer	TVCA / SBC

OSC **DECLARATIONS OF INTEREST**

5/16

There were no interests declared.

OSC **MINUTES**

6/16

Consideration was given to the minutes of the meeting held on 9th September 2016.

RESOLVED that the minutes be confirmed and signed as a correct record.

OSC **DEVOLUTION DEVELOPMENTS - UPDATE**

7/16

The Managing Director reported a number of developments with regard to Tees Valley Devolution:-

The first payment had been received from Government of what was promised to be a 30 year commitment of £15 million per year under the Devolution Deal. It was also noted that while that was a significant amount of money it was only one part of the Devolution arrangements although it was the most visible and prominent. There were many functions that had been carried out by central government that were being passed to TVCA, in areas of Skills, Transport, Infrastructure, Employment and Jobs of which £15 million was only one part. The £15 million was not attached to any particular functions and in that respect it gave the TVCA an opportunity to look at areas where the TVCA was short of funding to deliver on the ambitions that had been set.

There was also new legislation with regard to Overview & Scrutiny that would possibly give Members call-in powers and there would be new orders on financial arrangements. Members would be updated at a later meeting with regard to the emerging statutory arrangements.

It was reported that each Tees Valley Authority would receive a seminar on the new Mayoral TVCA Constitution. Members agreed that it would be appropriate for the Committee to have the opportunity to comment on the draft Mayoral TVCA Constitution before any seminars take place.

RESOLVED that the update on the Devolution developments be noted.

OSC **TEES VALLEY STRATEGIC ECONOMIC PLAN – CREATION OF NEW JOBS**

8/16

Consideration was given to a report on the refreshed Tees Valley Strategic Economic Plan (SEP) and the aim to create 25,000 new jobs between 2016 and 2026.

At the Overview and Scrutiny Committee held on 9th September 2016 reference was made to the principal target of the refreshed Strategic Economic Plan: the creation of 25,000 net jobs by 2016. Members requested that the Overview and Scrutiny Committee be fully briefed on

the content of the Plan in order to understand whether this target was achievable, realistic and sufficiently challenging; which sectors of employment were targeted, and what the timescale was for achievement.

The refreshed Tees Valley Strategic Economic Plan (SEP) aimed to create 25,000 new jobs between 2016 and 2026. The rationale for the jobs target (quantum and sectoral composition) was informed by the City Deal negotiations in 2013 and quantified by EkosGen (Economic Consultants) for the 2014 Strategic Economic Plan. This was subsequently reassessed by EkosGen to inform the refreshed SEP target for 2016-2026.

The first part of the analysis helped to ensure that the target was suitability stretching and would result in a step change for the economy, while the latter set the target of 25,000 into context and helped to test how realistic this scale of growth was in more challenging economic conditions (particularly in the early years of the 10 year timeframe). The initial assessment concluded that a target of 25,000 net new jobs appeared credible, although the challenge in achieving this should not be underestimated.

Detailed analysis was also undertaken to identify and quantify the sources of growth. This drew on a wide range of sources including national standard datasets and local reports and papers.

Since the work was undertaken, there had been a number of important economic changes and events locally and nationally, such as the closure of SSI, which were impacting on the economic potential of each sector. Taking 2009 as a baseline, two tables within the report compared first, Tees Valley against employee levels for England and then the sectoral change in Tees Valley.

In aggregate, the fluctuations in employee numbers mean that the number of employees was 1.6% higher in Tees Valley than it was in 2009 (an annual growth rate of 0.3%), whilst nationally over the same period, employee numbers had risen by 5.4% (an annual growth rate of almost 1.1%) .

In general, the increase in employment post-recession had surprised many commentators, and employment in England was now at an all-time high. However, the following was noted for Tees Valley:

- Tees Valley continued to have an employment profile which differed markedly from the national profile, indicating that there was continued scope to re-balance the economy towards fast-growing private service sectors;
- Growth rates across sectors had diverged considerably from those experienced nationally, suggesting that national growth rates did not necessarily provide a guide to the performance of sectors within Tees Valley; however
- Tees Valley was subject to the same wider drivers and sector trends as other areas and these, together with the strength and competitiveness of the existing business base, would determine future employment growth or decline at the local level.

A table within the report showed the original sectoral split set out in the Strategic Economic Plan, and the revised split.

Based on the UK growth forecasts, if Tees Valley were to match national rates of growth over the next ten years, the number of employees would increase by just under 11,000. To reach the 25,000 target, Tees Valley would therefore have to out-perform the UK growth rate in a number of sectors, and see significantly smaller declines in others.

A table within the report showed the revised sectoral split (updated to align with the Tees Valley sector definitions), and provided a brief commentary on how the sector targets had changed, and the justification for this. The key growth sectors were included in the report.

The aforementioned methodology was used to inform the refreshed SEP, however TVCA was developing detailed Sector Action Plans, which would provide a 'bottom up' and attributable job creation target, based on the aggregation of activities supported under the refreshed SEP.

A question and answer session then followed the presentation of the report. This session could be summarised as follows:-

- The jobs would be net additional full time equivalent jobs. There would also be 133,000 replacement jobs that would be in addition to the 25,000 jobs. There would hopefully be a degree of permanency with the jobs. As oppose to the previous programme period TVCA was trying to set a higher GBA per head, making sure at least 40% of the jobs were classified at NVQ Level 4 or above. The skills agenda was important to make sure that potential employees were fit for purpose.
- The jobs would be employed individuals and not self-employed individuals.
- The Tees Valley was more likely to suffer a skill level appropriate people shortage for the jobs rather than having too many people for the jobs.
- There was a call for action with regard to education and skills.
- The sector action plans would provide a level of granularity on the creation of the new jobs.
- Meetings were taking place with the Unions that provided updates on the new jobs and on-going work of TVCA. It was felt that this was a really important part of the process.
- It was important to stress that although there was some firm evidence behind the job figures the Tees Valley was part of an uncertain world economy which was also exasperated by Brexit.
- The regional evidence formed part of the evidence base for Tees Valley Council's Local Plans therefore it was important that the evidence base was as strong as possible.
- With regard to timeframe for the delivery of sector action plans, consultants would be appointed on 14 October 2016, an interim report would be provided early in 2017 and a final report by May 2017.

RESOLVED that the report be noted.

**OSC
9/16**

OVERVIEW & SCRUTINY COMMITTEE WORK PROGRAMME / PROPOSED TRAINING PLAN

Consideration was given to a report that provided Members with the opportunity to specify a work programme for the Overview & Scrutiny Committee for 2016/17.

As stated in previous reports the work programme of the Scrutiny Committee was intended to encompass upstream work reviewing the most important strategic decisions and the direction of the TVCA, and ensuring that any decisions which were made by the TVCA were in line with its agreed policies. There would also be opportunities to invite Leaders with portfolio responsibilities, with relevant officers, to attend meetings to discuss specific Combined Authority responsibilities.

The topics that were highlighted as of interest to the committee members and those that were agreed as needing further information and discussion had been added to the proposed work plan, these topics were:

- Creation of additional jobs
- Apprenticeships
- Financial planning & Budgets
- Heseltine Review
- Alignment with the Northern Powerhouse

Members were aware the remit and powers of the Overview and Scrutiny Committee established under the Combined Authority's current constitution would be broadened with the creation of the Mayoral Combined Authority. Effective scrutiny was one of the important checks and balances needed to ensure that the Mayoral arrangements were efficient, transparent, and coordinated effectively with the roles of the partner councils. It was expected the government would bring forward a legislative Order, setting the statutory basis for scrutiny of Mayoral Combined Authorities, including the powers to review decision-making. Further information would be provided to the Committee once the draft legislation was available.

Once the Forward Plan had been agreed it would be shared with TVCA Board and relevant officers to notify them of the intended work programme. Any additional meetings required for evidence gathering would be programmed in accordingly.

Members had requested further training and development be arranged to assist them with their knowledge of TVCA and Scrutiny skills. A programme of training was being developed, in partnership with the Centre for Public Scrutiny, which would be rolled out once completed.

With regard to the proposed training plan Members were presented with a proposed development programme. This had been devised following an agreement from Members that they would welcome the opportunity to expand their knowledge base around the TVCA and undertake any necessary training.

A tour of some of the key sites within the Tees Valley was also proposed and time would need to be factored in to allow this to happen.

RESOLVED that:-

1. The proposed Training Plan be agreed.
2. The Work Programme for 2016/17 be agreed.