

TEES VALLEY COMBINED AUTHORITY BOARD – BUSINESS MEETING

Meeting held at Riverside Stadium at 1.00 p.m. on Tuesday, 7th June 2016

ATTENDEES

Members

Mayor David Budd (Chair)	Mayor of Middlesbrough Council	MBC
Councillor Sue Jeffrey	Leader of Redcar and Cleveland Borough Council	R&CBC
Councillor Bill Dixon	Leader of Darlington Borough Council	DBC
Councillor Kevin Cranney (Substitute for Councillor Christopher Akers-Belcher)	Hartlepool Borough Council	HBC
Councillor Bob Cook	Leader of Stockton-on-Tees Borough Council	SBC
Paul Booth	Chair of Tees Valley LEP	LEP

Associate Members

Phil Cook	Member of Tees Valley LEP	LEP
David Robinson	Member of Tees Valley LEP	LEP
David Soley	Member of Tees Valley LEP	LEP

Apologies for absence

Councillor Christopher Akers-Belcher	Hartlepool Borough Council	HBC
Paul Croney	Member of Tees Valley LEP	LEP
Ian Kinnery	Member of Tees Valley LEP	LEP
Alastair MacColl	Member of Tees Valley LEP	LEP
Naz Parkar	Member of Tees Valley LEP	LEP
Nigel Perry	Member of Tees Valley LEP	LEP
Alison Thain	Member of Tees Valley LEP	LEP

Officers

Gill Alexander	Chief Executive of Hartlepool Borough Council	HBC
Peter Bell	Stockton-on-Tees Borough Council	SBC
David Bond	Monitoring Officer (Stockton-On-Tees Borough Council)	SBC
James Bromiley	Redcar and Cleveland Borough Council	R&CBC
Ada Burns	Chief Executive of Darlington Borough	DBC

Garry Cummings	Council Section 151 Officer (Stockton-on-Tees Borough Council)	SBC
Paul Dobson	Stockton-On-Tees Borough Council	SBC
Linda Edworthy	TVU	TVU
Reuben Kench	Stockton-On-Tees Borough Council	SBC
Neil Kenley	TVU	TVU
Neil Schneider	Chief Executive of Stockton-on-Tees Borough Council	SBC
Amanda Skelton	Chief Executive of Redcar and Cleveland Borough Council	R&CBC
Martin Waters	Stockton-On-Tees Borough Council	SBC

Action

TVCA 24/16 DECLARATIONS OF INTEREST

Mayor David Budd, Councillors Bill Dixon, Sue Jeffery and Bob Cook declared personal non prejudicial interests in respect of agenda item 10 – Finance and Investment Funds Update as they were Directors of Durham Tees Valley Airport.

TVCA 25/16 MINUTES

Consideration was given to the minutes of the meetings held on 4th April and 15th April 2016.

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

TVCA 26/16 ANNOUNCEMENTS FROM THE CHAIR

The Chair announced that it had taken a considerable amount of time and commitment for the Tees Valley to get into the position it was today. The pace of change would now be significant and Members and Officers would have to work even harder to make the Tees Valley Combined Authority (TVCA) work as successfully as possible. The opportunity for the TVCA was enormous and the plans that were in place or were taking shape were an extremely exciting prospect.

RESOLVED that the announcement from the Chair be noted.

TVCA 27/16 TRANSFORMING PLACE THROUGH DEVOLUTION

Consideration was given to a report and presentation on Transforming Place through Devolution.

The report outlined that ‘Transforming Place through Devolution’ set out exciting and ambitious plans for the housing and planning aspects of the devolution deal within the context of Tees Valley, outlining how the plans had the potential for a game changing approach to place across the Tees Valley in supporting economic growth. The ambitions

within the plans were to:

- Maximise the use of land across Tees Valley for economic development and housing
- Inject certainty, pace and confidence
- Create a potential £1bn 10-year rolling recoverable equity investment fund through the flexible use of existing Government funding and local resources
- Deliver 20,000 plus homes by 2026
- Establish a housing offer that matched economic growth and prosperity and attracted the required inward migration of skills
- Revitalise the urban core, town centres and brownfield sites
- Regenerate and renew areas of low demand, poor quality and deprivation
- Nurture a more diverse market for house-building and development, including the growth of the SME sector
- Create / grow an off-site manufacture sector on Tees Valley
- Lever in private sector investment in excess of £3bn for housing and place in the next 10 years
- Accelerate housing and development activity to secure and create jobs, estimated at 50,000 plus jobs over 10 years for 20,000 homes

The supporting paper set out the approach, progress to date and next steps within the project plan for this work.

The Tees Valley Devolution Deal announced in October 2015 provided for a number of key policy areas including governance, finance, skills, transport, business support, energy, climate change, housing, planning and culture. In taking forward each of the policy areas within the deal a number of work-streams were established one of which was Place, which included housing and planning.

A work-stream plan for Place was prepared and endorsed by the Tees Valley Combined Authority Management Group (TVCAMG) and Local Authority Directors of Place in November 2015 and the Tees Valley Combined Authority (TVCA) and Devolution Governance Group in December 2015. Progress updates on the work-stream were being reported through the overall programme management arrangements for the combined authority and devolution implementation.

The Place work-stream plan included the policy areas of housing and planning and included:

- The establishment of a Land Commission;
- The power to create democratically controlled Mayoral Development Corporations;
- The continued exploration of the devolution of housing financial transaction funding.

In addition, the Place work-stream was considering sector capacity and had plans to support stakeholder engagement and communications.

The report outlined the approach, progress to date and next steps in each of the areas within the project plan. The headline project plan was attached to the report.

Nationally, London had already established a Land Commission and Manchester was progressing with plans to establish one by the summer. The arrangements for London included membership, terms of reference and governance and also the development plans for Manchester were attached to the report as an example.

The devolution of housing funding was an innovative and ambitious piece of work that aimed to develop a funding and investment proposition for housing, regeneration and development in support of the area's economic growth and ambition for place. The aim was to inject long-term certainty and pace, creating the right investment environment to maximise development growth opportunities whilst tackling long-standing issues of brownfield land and poor quality housing.

Outline proposals had been developed for a Tees Valley equity based investment vehicle to create the conditions to support the devolution of housing financial transaction funding. The emerging outline concept had been subject to discussions with key stakeholders including DCLG, BIS, HCA, the Tees Valley Registered Providers, TVUMG, the Home Builders Federation and CITB. These discussions had gone very well and there was significant interest in what was seen as an innovative solution to housing and the development of place in support of economic growth.

The next stage of development would require detailed joint work with DCLG, HM Treasury, BIS, HCA, Registered Providers and the private sector on preparing the detailed investment proposal. This work would include option appraisal work on, structuring the vehicle, governance, investment pipeline modelling, sensitivity analysis and attracting funding / investment. Investment expertise was required at this stage to support the technical development of the proposal. It was planned to develop a full business case between June and December 2016. An update on progress would then be presented to the October 2016 meeting of the TVCA, with final proposals for decision being presented to the December 2016 meeting.

Powers for the TVCA / Mayor to create mayoral development corporations should be passed through the legislative process in the summer. Exploring the potential to use those powers was work that would be undertaken early in 2017 in preparation for a decision by the newly elected Mayor and Combined Authority in May. The case for establishing a MDC would also depend on the recommendations of the Land Commission regarding site or sites that may be appropriate for such a vehicle.

The detailed work regarding Mayoral Development Corporations was intentionally phased towards post-2016 as there were a number of critical dependencies, including Land Commission outcomes, the outcome of devolution discussions on housing financial transaction funding, the Tees Valley Housing Strategy & Action Plan, and the Mayoral election in May 2017.

Therefore, the business case for mayoral development corporations would be timed so that recommendations could be made to the CA and elected Mayor in May 2017, with a potential MDC being established summer / autumn 2017 (detailed work to commence around Nov 2016).

It was noted that the TVCA (Shadow Board) agreed on 11 March 2016 that the proposed South Tees Mayoral Development Corporation for the SSI site would be progressed as a separate project and was outside the scope of this work-stream. As agreed, the purpose of this work-stream was to explore the potential for using MDC powers across the rest of Tees Valley.

The emerging plans indicated that sector capacity would be a critical issue in the ability to meet growth and development ambitions. In housing alone, it was estimated that Tees Valley needed to build 25% more in the next ten years than it had in the past ten. In a sector already facing a skills and capacity shortage this had significant implications, but also presented significant opportunities. The 22,000 new homes needed in ten years equates to over 50,000 jobs.

The supplier and skills market needed to be nurtured to increase capacity, SME developers decimated at last recession had not yet recovered, registered providers needed to find new ways to build homes, volume builders needed to be incentivised to build a greater pace, small infill to large sites were all critical to supply.

Working collaboratively with key stakeholders including the private sector and registered providers the sector capacity work was evaluating gaps and opportunities in the following areas:

- Skills & Jobs
- SME Developers
- Major House Builders
- Registered Providers
- Off-Site Manufacturing

It was planned to present the sector capacity gap analysis, findings and recommendations to the December 2016 meeting of the Combined Authority.

Realising the ambitions of the Combined Authority and devolution required collaborative working with many different stakeholders. The programme management arrangements ensured the engagement of TVCA Management Group, TV Chief Executives and the Combined Authority in the work programme.

To ensure the engagement of key partners there was ongoing active engagement (newsletters, briefings, meetings and workshops), including work with DCLG, BIS, the Home Builders Federation (representing private sector developers), the Construction Industry Training Board (CITB), the Tees Valley Registered Providers (Thirteen, Coast & Country, North Star), the National Housing Federation, the Homes & Communities Agency and individual local authorities. Plans were also in place to establish links with the newly established Construction Alliance Network North East.

Dialogue was taking place with a number of these key stakeholders to identify shared and complementary objectives with a view to establishing Memorandums of Understanding that set out how working together in realising the ambitions for devolution, place and economic growth could be achieved.

It was planned to present proposals regarding establishing Memorandums of Understanding with key partners to the August 2016 meeting of TVCA.

With regard to resources the aim was to resource as much of the work programme from within the existing capacity of the five authorities. However, due to constraints on available capacity and the need for specific skills and experience additional support was required. To date additional support had been commissioned on the preparatory work for the Land Commission, undertaking the necessary work to establish the Tees Valley brownfield and surplus public sector land register. In addition, technical expertise was required to support the development of the equity investment model. In the absence of an agreed Combined Authority budget for such requirements interim arrangements had been agreed for the funding of the preparatory work for the Land Commission, the five local authorities were making a shared contribution to costs.

As the work programme moved towards more detailed work the need for additional resources and specific skills and expertise would increase. Areas where there were additional resource requirements for the work programme included:

- Support to develop option for an equity investment model
- Off-site manufacture
- Construction skills capacity
- SME sector analysis
- Private rented sector study
- Affordability and social housing policy development
- Housing market intelligence – both supply and demand side
- Future housing needs (aligned to SEP)
- One Public Estate (and possible application for funding support)
- New development / growth pipeline / investment
- Existing stock and investment options

It was proposed to establish a £100k budget for this work programme subject to agreement of the Finance and Investment Funds Update report (Recommendation 5). Agreement would be reached with TVCA Management Group prior to individual pieces of work being commissioned.

With London receiving DCLG funding for work related to its Land Commission, it was proposed to request funding support from DCLG to contribute to the work programme.

The presentation covered the follow key areas:-

1. Ambition for Place

2. Attractive Places
3. Some Fantastic Transformation
4. Good Track Record for Building Homes
5. Good Quality Existing Stock
6. Not Enough Being Built to Support Economic Growth and Meet Need
7. Blight of Brownfield Persists
8. Private Rental Sector
9. Government Policy
10. Funding and Investment
11. Opportunity – Market Capacity , Skills and Jobs, Off-Site Manufacturing
12. Mayoral Development Corporations

The next steps were highlighted to Members:-

Recommendations for the Land Commission terms of reference, membership, governance and resources - For decision August 2016

Recommendations for Memorandums of Understanding with key partners - For decision - August 2016

Update on Land Commission, equity investment vehicle and sector capacity - For information - October 2016

Devolution of housing funding, equity investment vehicle full proposal For decision - December 2016

Sector capacity gap analysis, findings and recommendations - For decision - December 2016

Members were then given the opportunity to ask questions and make comments on the report and presentation. These questions and comments could be summarised as follows:-

- Good to see the word 'Regeneration' being used again
- There needed to be more discussion over the joined up vision for the Tees Valley
- There needed to be connectivity in terms of transport and infrastructure
- This was a great opportunity for the Tees Valley to do something architecturally significant with housing
- 40% of people in the Tees Valley were in rented accommodation
- Would we be seeking an exemption from 'Right to Buy'
- There was a need for balanced model between rented and owner housing
- There needed to be a discussion about education and skills
- Connectivity needed to be achieved with a need for focus and without any duplication
- There were many challenges ahead but this was a good starting point

RESOLVED that:-

1. The significant potential that the housing aspects of the devolution deal offers in terms of the transformation of place in supporting economic growth be noted.

2. The approach, progress to date and planned project timelines be agreed.
3. A Steering Group be established with a remit to oversee the programme of work, to be chaired by the appropriate portfolio holder from the Combined Authority.
4. The proposed forward plan for the Combined Authority as set out in paragraph 8.1 be agreed.
5. The proposed budget allocation to be available to support the work programme as set out in section 7.0 and as included within the Finance and Investment Funds Update report (Recommendation 5) be agreed.
6. The proposal to request DCLG funding to support specific aspects of the work programme be supported.

TVCA 28/16 CULTURE; PLACE, INCLUSION AND BUSINESS GROWTH

Consideration was given to a report on Culture; Place, Inclusion and Business Growth.

Vibrant modern conurbations increasingly featured culture as an important part of a quality of life mix that attracted and retained talent, investment and visitors.

To explore the extent to which the Tees Valley could better utilise culture toward economic growth, following a seminar hosted by Teesside University in 2014, a Culture Task and Finish Group was established by the TVU Leadership Board. The group was chaired by Prof Graham Henderson and included Cllr David Budd, Ada Burns and Linda Edworthy, alongside representatives from North East Culture Partnership and local cultural organisations. That group concluded that culture could make a greater contribution and recommended actions in relation to place shaping, social inclusion and business growth.

There was a powerful consensus that culture's contribution could be optimised by collaboration and shared strategic approaches across the Tees Valley, making the whole greater than the sum of the parts.

One of the Group's central recommendations was to make a bid for UK City of Culture 2025, using the intervening years to create the city scale infrastructure and capacity, and using the pursuit of the accolade as a unifying goal.

Overall, there were eighteen recommendations within the report, which formed a coherent programme of work. These were approved by the TVU Leadership Board 22nd July 2015, before the public launch 28th July 2015.

The recommendations demonstrated the requirement for a long term, partnership-based, strategic approach to development of the cultural

offer. Only by progressing and embedding each of the recommendations would the Tees Valley be in a position to submit a strong bid for City of Culture.

The North East Culture Partnership Case for Culture, endorsed by Secretary of State for Culture Media and Sport, and the Chairman of Arts Council England, acknowledged the Tees Valley cultural aspirations. The TV Powerhouse devolution agreement created the circumstances in which it was possible to negotiate a change from the historic position on national cultural funds.

The conditions had been created in which a major change was achievable, now the TVCA must create the resource and governance structure with which to ensure that the opportunity could be capitalised upon.

To successfully deliver the Tees Valley wide programme, and to lead the development of a vision for the UK City of Culture bid, a governance structure was required under the auspices of the TVCA.

The report advocated the creation of a TVCA thematic group and an allocation of resources to support the development of the programme that flowed from the original Task and Finish Group recommendations.

It was proposed that the Culture Thematic Group be jointly chaired by the Combined Authority Culture Lead and Alistair McColl as an independent Leadership Board member. A paper outlining the role and remit of this Group in more detail was attached to the report.

A projects resource plan was attached to the report that estimated the costs arising from the individual work-streams; social, place shaping, and business growth. These costs were over and above the core team / coordination costs.

These project resource implications were not the subject of a recommendation in the report and were set out for illustrative purposes, giving a sense of the potential scale of the works encompassed and overseen by the TVCA Culture Thematic Group.

Members felt that there needed to be joined up thinking by the TVCA that could provide some co-ordinated action. It was felt that leisure and sport should be at the heart of the shared strategic strategies across the Tees Valley.

RESOLVED that:-

1. A Culture Thematic Group be created as detailed within the report.
2. The proposed creation of a small core TVCA culture staff team for a 2 year period be endorsed, as detailed within the report.

TVCA REFRESH OF STRATEGIC ECONOMIC PLAN
29/16

Consideration was given to a report / presentation on the Refresh of the Strategic Economic Plan

The report outlined that the Tees Valley Strategic Economic Plan (SEP) was published in April 2014. With changes in the economy and governance arrangements, the establishment of the Combined Authority and the Devolution Deal with Government it was felt that it was appropriate to refresh the SEP.

The preparation of the draft refreshed SEP had included input and consultation with over 360 public, community, voluntary and private sector representatives from across the Tees Valley region.

The formal public consultation process ended on 25th May 2016, however opportunities to provide additional written feedback were extended to 27th May 2016. Consequently the draft SEP was being amended to incorporate all relevant feedback, with a final draft anticipated for the week commencing 6th June 2016.

The SEP identified and reviewed the economic position, looked to what the future held for the area and identified the key priorities and indicative actions to ensure that TVCA could achieve the area's ambitions.

The document was being redrafted to incorporate comments received during the consultation sessions. The document needed to be available for submission to Government as evidence to support the area's bid for Growth Deal 3 (Local Growth Fund) and for the bids to the Large Local Majors Fund. It was recommended that the sign off of the draft SEP be delegated to the Chairs of the Combined Authority and the LEP in consultation with the Combined Authority Leaders.

Arrangements for the formal launch of the SEP refresh would be put in place, in consultation with the Combined Authority Chair.

The presentation covered the following key areas:-

- Emerging Economic Drivers
- Job Projections
- Transforming the Tees Valley
- Aims & Ambitions
- Business Growth
- R&DI Energy
- Education, Employment & Skills
- Place & Culture
- Transport & Infrastructure
- Performance Measurement

Members were then given the opportunity to ask questions and make comments on the report and presentation. These questions and

comments could be summarised as follows:-

- The skills need to be in place to achieve the SEP
- The accountability for the aims in the SEP would need to be looked at
- What had been achieved so far had been first class but the resources to achieve what was in the SEP would need to be looked at as soon as possible
- The Tees Valley had momentum and this must be taken forward
- Submissions to central government needed not to be huge documents and could be short and concise
- The SEP was not just a document for TVCA but a document for the Tees Valley and partners must also deliver
- There should be reference to the South Tees Mayoral Development in the SEP
- The SEP should be broken down into deliverable projects. Some projects didn't need any funds and could start straight away

RESOLVED that the sign off of the draft SEP be delegated to the Chairs of the Combined Authority and the LEP in consultation with the Combined Authority Leaders.

TVCA 30/16 RT HON LORD HESELTINE – DEVOLUTION OF POWER REPORT - UPDATE

An update was given on the Rt Hon Lord Heseltine – Devolution of Power Report.

The official launch of the report made by the Rt Hon Lord Heseltine had taken place prior to this meeting of the TVCA. The launch had been very successful and a large number of key partners from across the Tees Valley and the North East were in attendance. The report had contained some very positive features and outlined some areas that needed work. A full report back would be given to a future meeting of the TVCA.

Members felt that a document and an action plan should be produced by the TVCA that stemmed from the Lord Heseltine Report. The Lord Heseltine Report should also be used as a starting point for any future bids. There should also be a gap analysis of the Lord Heseltine Report and the TVCA SEP. The Lord Heseltine Report should be used to showcase the area to people from outside the Tees Valley.

RESOLVED that the update be noted.

TVCA 31/16 FORWARD PLAN

Consideration was given to the TVCA Board Forward Plan.

RESOLVED that the TVCA Board Forward Plan be noted.

TVCA 32/16 FINANCE & INVESTMENTS FUNDS UPDATE

Consideration was given to a report which updated Members on the financial position of the Combined Authority following the end of the financial year and which also sought agreement to balances being carried forward from Stockton-On-Tees Borough Council in respect of funds which were now the responsibility of the Combined Authority.

The report to the Combined Authority on 4 April 2016 reported that the balances expected to be transferred to the Combined Authority were £850,000, and Members approved the use of £39,000 and retained £811,000 as a general reserve.

The final balances position transferred to the Combined Authority would be £1,055,000 and this reflected interest on balances received, which meant that after taking account of the £39,000 approval £1,016,000 was available.

There were a number of potential pressures and calls on one-off resources which included a confidential and exempt item. Other calls on resources were:

- Due diligence work for LGF programme previously agreed.
- Costs of extending the contract of Programme Management.
- The pension costs associated with the establishment of the Combined Authority.

Further details were attached to the report and after allowing for the costs above, the remaining balance available was £650,000.

With regard to Local Enterprise Partnership Core and Capacity Funding the actual position for 2015/16 showed a balance carried forward of £794,000. The increase however, was in respect of slippage of the Low Carbon Project (£52,000), Development costs associated with LGF (£10,000), and various consultancy appointments (£16,000) and if approved, the balance available would remain unchanged.

One of the funding streams payable to the Combined Authority linked to devolution of funds was the Local Transport Plan. This funding was in effect funding which was previously paid direct to Local Authorities to cover maintenance and improvement schemes. At the time of setting the budget for the Combined Authority, it was unclear how the arrangements would work for 2016/17 and it was therefore assumed that this would be paid to the Local Authorities as was previously the case.

The payment had in fact been made to the Tees Valley Combined Authority. All Councils had well developed processes and plans in place for allocating this resource and it was therefore effectively all committed.

It was therefore recommended that the amounts outlined within the report were paid to the respective Local Authorities.

With regard to the Local Growth Fund an additional £53.2m of projects had been approved from the LGF programme. This brought the total programme to £87m, with projects to be developed to utilise £2.4m in respect of skills and £7.2m to be reconsidered in respect of the Sustainable Access to Employment project.

On 12 April Greg Clark wrote to all LEPs inviting proposals for the next round of Growth Deals. £1.8bn of LGF was being made available in this competition round with all 39 LEPs able to bid. The indicative funding profile was back loaded to 2019/20 and 2020/21, however some funding would be available in 2017/18 and 2018/19.

In addition, the 2016 Budget announced a Large Local Majors Fund. The fund would provide funding for those exceptionally large, potentially transformative local schemes that were too big to be taken forward within regular LGF allocations and could otherwise not be funded. Bids could be for development costs, or if an Outline Business Case was already complete, for funding to prepare and construct a scheme. A minimum threshold had been set for each LEP area with Tees Valley's set at a minimum project cost of £36m.

The timescales for the submission of the bids for LGF (21 July 2016) and Large Local Majors (6 July) were extremely tight and the submissions would need to be signed off by both the LEP and the Combined Authority. The review of the SEP would be able to form the strategy and rationale for the proposals. One of the benefits of the Devolution Deal was that the TVCA would be able to bid at a programme level as opposed to needing to identify individual projects at this stage.

Officers were in the process of developing the Bid in partnership with Local Authorities and this would be presented at a special meeting of the LEP Combined Authority scheduled for 19 July 2016.

The devolution of the Single Pot to Tees Valley was dependent on the area agreeing to a Mayor and the submission of an Assurance Framework. This was very much about our own internal process for ensuring the best use of public funds and being clear with project sponsors the assessment processes and the requirements on them if and when approved. The Government had indicated that this needed to be light touch and that they were committed to develop a single process for all of the capital pots.

The framework was attached for information and had been agreed in principle with Government and it was therefore recommended that this was formally endorsed by the Combined Authority.

It was becoming increasingly apparent that a number of the projects included in the LGF that required upfront investment to facilitate the feasibility of due diligence work. In addition, as the work streams within the Combined Authority developed programmes to deliver against the SEP priorities, there would inevitably be further upfront investment in feasibility required. It was therefore recommended that a Development Fund be created using funding sources.

The MTFP report to the Combined Authority in April identified that TVU held a balance of £3.24m from a previous Government Funding Scheme. This was intended to be a revolving investment fund to bring forward investments and developments. £140,000 of this funding had been previously agreed to support scheme development and management. It was suggested that this would be a good way to use this resource and it was therefore recommended that the full amount be earmarked to support the creation of the Development Fund. In addition, two further sources of funding had been identified for inclusion

in the Development Fund. These were the remaining balances of LEP Core and Capacity Funding (£0.397m) and banked Enterprise Zone income (£0.065m). It was noted that creation of this Fund fully utilised all resources currently available. These funding sources were summarised within the report.

It was recommended that the drawdown of funding be delegated to the Managing Director in consultation with the Chair of the Board. In advance of that delegation the Combined Authority were recommended to approve the calls on funding identified in the table at paragraph 21. Members noted that the proposed Development Fund exhausted all available sources of funding for 2016/17. Future consideration could be given to replenishment of the fund from the devolution deal funding, particularly with respect to those schemes identified as development activities.

During 2015/16 the Government announced an £80m funding package to provide economic support for those employees impacted (directly and indirectly) by the closure of the SSI plant in Redcar. The £80m was allocated across a number of schemes and a substantial part of this funding was being administered through Stockton-On-Tees Borough Council as the Accountable Body for TVU.

In total £37.6m of the £80m SSI funds would be administered through TVU on the following schemes £1.7m support package for apprentices, £2.65m Flexible Training Fund, £16m to support supply chain and growth companies, £15.5m Jobs and Skills Fund and £1.75m for start-up advice and grant support.

Of the funding received in 2015/16 (£27.1m), £4.05m was spent leaving a balance of £23.05m. It was recommended that this balance transfer to the Combined Authority along with the accountability for the scheme.

The Combined Authority and Stockton-On-Tees Borough Council were local authorities for the purposes of the Local Government Act 1972 and the Local Democracy, Economic Development and Construction Act 2009. It was proposed that the Combined Authority facilitated the delivery of certain of its administrative functions with a view to their more economical, efficient and effective discharge through a delegation to Stockton-On-Tees Borough Council of those functions specified in the report.

The Combined Authority had power to make the proposed delegation in reliance on the exclusive rights given to local authorities to undertake administrative arrangements of this nature in sections 101, 102, 112 and 113 of the Local Government Act 1972, sections 9EA and 9EB of the Local Government Act 2000 and Section 1 of the Localism Act 2011 and the regulations made under these Acts; and the supporting provisions within section 111 Local Government Act 1972 and all other relevant powers.

As these functions were executive functions, Stockton-On-Tees Borough Council's Cabinet would need to agree and accept the delegation from the Combined Authority.

The proposed arrangement was deemed to constitute an arrangement which established or implemented co-operation between contracting authorities pursuant to Regulation 12(7) of the Public Contracts

Regulations 2015 and was excluded from the requirements of competition.

RESOLVED that:-

1. The movement in General Balance Reserve to £650,000 be approved following the transfer of interest on balances from Stockton-On-Tees Borough Council in respect of funds held previously on behalf of TVU and in line with the use of balances outlined in paragraph 3 and Appendix A.
2. The increase in the opening balance of the LEP Core Capacity Reserve transferred from TVU be approved and the use of the increase to fund the slippage outlined in paragraph 5 be approved.
3. The allocation of the 2016/17 Local Transport Plan to Local Authorities be approved in line with paragraph 8.
4. The use of £53.2m on the schemes outlined at paragraph 13 be approved, (schemes progress through due diligence prior to initiation), and a further report be presented in future to approve the remaining £9.6m.
5. The creation of a Development Fund be approved to support programme and project development and feasibility from the currently unallocated Growing Places funding of £3.152m, LEP Core & Capacity Funding (£0.397m) and EZ Income (£0.065m), also future allocations from this Fund be delegated to the Managing Director in consultation with the Chair of the Combined Authority and in advance of that delegation, the proposals be approved for funding identified in the table at paragraph 21.
6. The transfer of funds from Stockton-On-Tees Borough Council in respect of funds held on behalf of TVU in respect of EZ income be approved.
7. The transfer of accountability and funds from Stockton-On-Tees Borough Council in respect of funding allocated to the Tees Valley to support the Task Force be approved and the use of the funds as outlined in paragraph 26 be approved.
8. The Assurance framework shown attached at Appendix B be approved.
9. The Combined Authority facilitates the delivery of certain of its' administrative functions through a delegation to Stockton-On-Tees Borough Council. These functions were summarised in Appendix C.

TVCA 33/16 THE TEES VALLEY COMBINED AUTHORITY (ELECTION OF MAYOR) ORDER 2016

Consideration was given to a report on the Tees Valley Combined Authority (Election of Mayor) Order 2016.

The Department for Communities and Local Government ("DCLG") had indicated that it would shortly lay a draft of the Tees Valley Combined Authority (Election of Mayor) Order 2016 ("the Order") before Parliament, and had invited the Combined Authority's consent to the making of the Order.

The report sought the Board's confirmation of such consent.

As a result of the decisions of the constituent local authorities to agree the Tees Valley Devolution Deal, officers had been working with DCLG, in order to finalise the statutory instruments to give effect to the related Combined Authority mayoral governance arrangements.

The changes required to transform the Combined Authority into a mayoral Combined Authority necessitated a two-stage legislative process. The first stage was to legislate to provide that a mayor be elected for the Tees Valley Combined Authority area, and the second stage was to legislate to establish the mayor's functions and powers.

DCLG had provided a draft of the first stage statutory Order. The Order provided that:-

- The Tees Valley Combined Authority area would have a directly elected mayor;
- The first election of the mayor would be held on 4th May 2017; the second election would be on the normal election day in 2020; and subsequent elections would be on the normal election day every fourth year thereafter.

A copy of the Order was attached to the report.

DCLG had invited the Combined Authority's consent to the making of the Order, and had asked for a response by close on Friday 3rd June 2016.

In consultation with the chair of the Combined Authority, consent was given to DCLG on behalf of the Combined Authority, subject to the ratification of that consent by the Combined Authority at its meeting today (7th June 2016).

For clarification, the Order did not grant any powers or functions whatsoever to the mayor, but it meant that the Tees Valley Combined Authority would, in effect, become a Mayoral Combined Authority on the date the Order was made, and that once elected the mayor would be entitled to become the Chair of the Combined Authority. The mayor would not, however, have any other powers or functions at all, or any power to vote on any matter, unless and until the second stage of the legislative process was completed. The second stage of the legislative process would also be subject to prior consultation and further specific decisions by each of the constituent councils and by the Combined Authority.

The making of the (first stage) Order would trigger for the release of Devolution Deal funding.

RESOLVED that consent be given to the making of the Tees Valley Combined Authority (Election of Mayor) Order 2016.

Chair