

TEES VALLEY COMBINED AUTHORITY CABINET

**Cavendish House, Teesdale Business Park, Stockton-On-Tees at 9.00am on
Monday, 5th February, 2018**

These minutes are in draft form until approved as the next Cabinet meeting and are therefore subject to amendments.

<u>ATTENDEES</u>	
<u>Members</u>	
Mayor Ben Houchen (Chair)	Tees Valley Mayor
Mayor David Budd	Mayor of Middlesbrough
Councillor Christopher Akers-Belcher	Leader, Hartlepool Borough Council
Councillor Bob Cook	Leader, Stockton-on-Tees Borough Council
Councillor Bill Dixon	Leader, Darlington Borough Council
Councillor Sue Jeffrey	Leader, Redcar and Cleveland Borough Council
Paul Booth	Chair, Tees Valley LEP
<u>Associate Members</u>	
Darren Hankey	Member of Tees Valley LEP
David Soley	Member of Tees Valley LEP
Jerry Hopkinson	Member of Tees Valley LEP
Albert Pattison	Member of Tees Valley LEP
Graham Robb	Member of Tees Valley LEP
Sarah Glendinning	Observer, on behalf of the Tees Valley Business Representative Bodies
<u>Apologies for Absence</u>	
Professor Paul Croney	Member of Tees Valley LEP
Nigel Perry	Member of Tees Valley LEP
Angela Howey	Member of Tees Valley LEP
Mike Matthews	Member of Tees Valley LEP
Siobhan McArdle	Member of Tees Valley LEP
<u>Officers</u>	
Tony Parkinson	Chief Executive, Middlesbrough Borough Council
Neil Schneider	Chief Executive, Stockton-on-Tees Borough Council
Ada Burns	Chief Executive, Darlington Borough Council
Amanda Skelton	Chief Executive, Redcar & Cleveland Borough Council
Gill Alexander	Chief Executive, Hartlepool Borough Council
Andrew Lewis	Managing Director, Tees Valley Combined Authority
Andrew Nixon	Monitoring Officer, Tees Valley Combined Authority
Sarah Brackenborough	Governance Manager, Tees Valley Combined Authority
Julie Gilhespie	Finance Director, Tees Valley Combined Authority
Shona Duncan	Head of Skills, Education & Employment, Tees Valley Combined Authority
Mark Wilson	Head of Transport, Tees Valley Combined Authority
Geraldine Brown	Policy Manager, Tees Valley Combined Authority

Also in Attendance	
Cllr Norma Stephenson OBE	Chair, Overview & Scrutiny Committee
Cllr Ian Haszeldine	Vice Chair, Overview & Scrutiny Committee

TVCA 60/17	<p>DECLARATIONS OF INTEREST</p> <p>Cllr Sue Jeffrey declared an interest in agenda item 8 as Leader of Redcar & Cleveland Council.</p> <p>Cllr Bill Dixon declared an interest in agenda item 9 as Leader of Darlington Council.</p> <p>Graham Robb declared an interest in agenda item 9 as owner of a business operating within the area of the project.</p> <p>Mayor Ben Houchen declared an interest in item 15 as Chair of the STDC Board</p> <p>Cllr Sue Jeffrey declared an interest in item 15 as Vice Chair of the STDC Board</p> <p>Mayor David Budd declared an interest in item 15 as a member of the STDC Board</p> <p>Paul Booth declared an interest in item as a member of the STDC Board</p> <p>Graham Robb declared an interest in item 15 as a member of the STDC Board</p> <p>Jerry Hopkinson declared an interest in item 15 as an employee of a business operating in the site.</p>
TVCA 61/17	<p>MINUTES</p> <p>Consideration was given to the minutes of the meeting held on 21st December, 2017. Sarah Glendinning requested that the minutes be amended to reflect her attendance at the meeting.</p> <p>RESOLVED that the minutes of the meeting held on 21st December be amended as set out above, and then confirmed and signed as a correct record.</p>
TVCA 62/17	<p>ANNOUNCEMENTS FROM THE CHAIR</p> <p>It was noted that Alistair Hudson had now stepped down as LEP Member to take up his new position. The Mayor asked that a letter of thanks from the Cabinet be sent to Alistair.</p>
TVCA 63/17	<p>MANAGING DIRECTOR'S UPDATE</p> <p>Consideration was given to a report from the Managing Director, providing an update on key activities of the Combined Authority since the last Cabinet meeting.</p> <p>The Cabinet discussed the progress being made with the proposal for Freeport status. Discussions were ongoing with the Association of British Ports and the UK Major Ports Group.</p> <p>RESOLVED that the Managing Director's update be noted.</p>
TVCA 64/17	<p>COMBINED AUTHORITY BUDGET 2018/19</p> <p>The Cabinet considered the Combined Authority draft budget 2018/19, following a period of consultation. During the consultation period, the Overview and Scrutiny Committee held a task and finish group to look at the budget in detail. The Chair and Vice Chair of the Overview and Scrutiny Committee were in attendance at the</p>

Cabinet meeting and presented the report on behalf of the Committee. They noted that the task and finish group had considered detail on all aspects of the budget, including an allocation to Durham Tees Valley Airport, staffing for the Combined Authority and how the Combined Authority budget differed to a Local Authority budget. They thanked officers for their support with the process.

Councillor Sue Jeffrey thanked Mayor Ben Houchen for his remarks and opening statement and made the following comments:

- The low number of responses to the consultation process was disappointing;
- £5m was available in the budget in November 2017 for South Tees Development Corporation and the balance is for keepsafe, and therefore doesn't appear in the Investment Plan;
- There is no clarification of successor funding for European Funds;
- The 4 main Transport priorities remain unfunded;
- The capacity for the Local Authorities to act as effective partners is increasingly difficult;
- That she would be proposing amendments to the draft budget:
 - decrease the delegated decision limit from £1 million to £0.250 million;
 - requesting that the £0.500 million allocation within the draft budget for legal and financial assessments for Durham Tees Valley Airport support proposals made by Peel Holdings Ltd in their letter of 2nd February to Mayor Houchen;
- Further information be provided on efficiencies and staffing within the draft budget.

Councillor Christopher Akers-Belcher requested that the delegation to the Managing Director for the Development Fund be changed to include consultation with the Portfolio Holder for Investment and Business Growth. In addition, Councillor Aker's-Belcher raised concerns over the section on the appointment of ex-employees in the pay policy statement. The Managing Director gave assurances that any such situation had not arisen, would be in consultation with the Cabinet and would not proceed without their agreement. The pay policy statement would be updated to reflect this.

Mayor Ben Houchen indicated that he had not seen the letter and proposal from Peel Holdings Ltd, and expressed his disappointment that this situation had arisen at such short notice. The Mayor also indicated his opposition to providing money to Peel Holdings Ltd without proper assessment of the proposal, and clarity on the re-investment of funds secured through housing development.

A number of the Associate Members expressed their support for exploring all available options for securing the future of Durham Tees Valley Airport.

Councillor Sue Jeffrey moved, and Mayor David Budd seconded, an amendment to the draft budget:

- 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.

There was a discussion on this and the Mayor requested clarification on whether this constituted an amendment to the draft budget or whether it was a project proposal and could be dealt with under the usual arrangements for considering investments through the Cabinet process. The Monitoring Officer confirmed that the proposed amendment as worded would be for a de-allocation and a subsequent new allocation of funding, and as such would therefore be an amendment to the budget requiring a majority vote by the five Constituent Authority Members, excluding the Mayor. It was advised, however, that creating this new allocation would not pre-empt any decisions that would need to be brought forward to Cabinet separately on how to spend the funds once they had been allocated. The Managing Director described the decision making process that would need to be followed for a proposed amendment to the draft budget.

The Mayor indicated that he would be willing to widen out the existing development fund allocation to cover other activities for the future development of the airport, in order to avoid a formal proposal to amend the draft budget. Councillor Bill Dixon requested a short adjournment to the meeting to consider this, which was agreed by the Chair. Following the short adjournment, Councillor Sue Jeffrey confirmed her proposed amendment.

A vote took place on the proposed amendment to the draft budget. Councillor Sue Jeffrey, Mayor David Budd, Councillor Christopher Akers-Belcher, Councillor Bill Dixon and Councillor Bob Cook voted in favour of the amendment. The proposed amendment was carried, and a report proposing an amendment to the Mayor's draft budget was therefore agreed

In line with legislative requirements, Cabinet agreed to give the Mayor 5 working days to consider the proposed amendment and publish his response. Cabinet would meet again on Friday 16th February to consider the Mayor's response.

The Monitoring Officer confirmed that the request to amend the delegated decisions was a procedural issue and would not be treated as an amendment to the draft budget, therefore the standard voting arrangements would apply.

Councillor Sue Jeffrey moved, and Mayor David Budd seconded, that the £1 million limit for the project commitments delegation, approved at the July 2017 Cabinet meeting, be reduced to £0.250 million. A vote took place and Councillor Sue Jeffrey, Mayor David Budd, Councillor Christopher Akers-Belcher, Councillor Bill Dixon and Councillor Bob Cook voted in favour of the proposal. Mayor Ben Houchen voted against the proposal. Under paragraphs (24) and (26) of the constitution, the proposal was neither carried nor rejected.

Councillor Christopher Akers-Belcher moved, and Mayor David Budd seconded, that the Development Fund delegation to the Managing Director, in consultation with the Chair, also be subject to consultation with the Portfolio holder for Investment and Business Growth. A vote took place and Councillor Sue Jeffrey, Mayor David Budd, Councillor Christopher Akers-Belcher, Councillor Bill Dixon and Councillor Bob Cook voted in favour of the proposal. Mayor Ben Houchen voted against the proposal. Under paragraphs (24) and (26) of the constitution, the proposal was neither carried nor rejected.

Cabinet requested further detail on the information on staffing and efficiency

	<p>savings in the draft budget report. This would be brought to the meeting on 16th February for information.</p> <p>RESOLVED that:</p> <ol style="list-style-type: none"> i. The draft budget be rejected; ii. The Mayor be given 5 working days to consider the proposed amendment to the draft budget and publish his response; iii. Cabinet reconvene on Friday 16th February to consider the Mayor's response.
TVCA 65/17	<p>TREASURY MANAGEMENT STRATEGY 2018/19</p> <p>Consideration was given to a report detailing the proposed 2018/19 Treasury Management Strategy for Tees Valley Combined Authority. It was noted that the Strategy would be brought back in March once advice had been sought on term limits.</p> <p>RESOLVED that the strategy be noted, and brought back for further consideration in March.</p>
TVCA 66/17	<p>KIRKLEATHAM ESTATE</p> <p>Consideration was given to a report informing Cabinet of the requirement for additional funding for the Walled Garden and associated infrastructure at the Kirkleatham Estate in Redcar. The report also sought approval for up to £3.66 million of additional Combined Authority grant funding for the Walled Garden and Infrastructure Project and set out the wider Kirkleatham Estate programme and potential funding requirements for the future. Cabinet noted that all investments should include linkages to the City of Culture 2025 bid.</p> <p>RESOLVED that:</p> <ol style="list-style-type: none"> i. subject to the satisfactory completion of due diligence under our Assurance Framework, the allocation of up to £3.66 million of additional Combined Authority grant funding in respect of the Project be agreed; ii. the finalisation of the amended funding and associated contractual arrangements for the Walled Garden and Infrastructure Project be delegated to the Managing Director and the Finance Director; iii. the wider Kirkleatham Estate programme and potential additional funding requirements for that programme in the future be noted.
TVCA 67/17	<p>FEETHAMS, DARLINGTON</p> <p>Consideration was given to a report which informed Cabinet of Darlington Borough Council's proposal to bring forward the development of new Grade A office accommodation at Feethams in Darlington Town Centre and also sought approval for up to £3.23 million investment into the Feethams office project, to enable the project to be brought forward for development. Cabinet requested that the study in to office space across Tees Valley be circulated to them once ready.</p> <p>RESOLVED that:</p> <ol style="list-style-type: none"> i. Darlington Borough Council's ("DBC") proposal to bring forward the speculative development of approximately 3,900 sq.m. of new Grade A

	<p>office accommodation at Feethams (the “Project”) be noted;</p> <p>ii. the allocation of up to £3.23 million of Combined Authority investment funding in respect of the development of this office accommodation be approved subject to:-</p> <ul style="list-style-type: none"> ○ the formal approval of DBC’s funding for the Project (scheduled for its Cabinet meeting on 6th March 2018 and then full Council meeting on 22nd March 2018); ○ the ERDF application submitted by DBC being successful; ○ the Finance Director being satisfied that the case for prudential borrowing is made; ○ submission and assessment of an updated business case; and ○ the satisfactory completion of due diligence under our Assurance Framework. <p>iii. the use of the Combined Authority’s prudential borrowing powers, once they are in place, to fund the Project, with the repayments to be financed from rental income to be received as a result of the investment be approved;</p> <p>iv. the finalisation of the funding and associated contractual arrangements for the Project be delegated to the Combined Authority’s Managing Director and Finance Director;</p> <p>v. a regular assessment of the office market across the Tees Valley, to enhance the evidence-base for future development of office space by the Combined Authority and its partners be established. This work will be circulated to Members for their information.</p>
<p>TVCA 68/17</p>	<p>ENHANCING OUR LOCAL ECONOMIC IMPACT</p> <p>Cabinet considered a report identifying a commitment by the Combined Authority and South Tees Development Corporation to maximise the local economic impact of their work; directly, and through appropriate influence over private sector investors. It highlighted work that has taken place to date to support sustainable employment and develop regional supply chains, and set out the ambition to build on this in 2018.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> i. the commitment set out at paragraphs 1-3 of the report be agreed; ii. the measures currently in place, or in development, to enhance local economic impact, and comment on good practice from partner organisations, be noted; iii. a Working Group, and a terms of reference for the Group be established; iv. a report from the Working Group be submitted to a Cabinet meeting in Summer 2018, and the report also be submitted to the South Tees Development Corporation Board for discussion.
<p>TVCA 69/17</p>	<p>TRANSPORT FOR THE NORTH STRATEGIC TRANSPORT PLAN</p> <p>Cabinet considered a report regarding the Transport for the North Strategic Transport Plan. The draft Strategic plan was launched nationally for consultation on 16th February. Cabinet discussed membership for TfN and agreed that LEP membership should be included, and that they would be making this point to TfN.</p>

	<p>RESOLVED that:</p> <ul style="list-style-type: none"> i. the content of the report be noted; ii. the Managing Director, in consultation with the Tees Valley Mayor, the Chair of the LEP and the Chair of the Transport Committee, be given delegation to submit a response to TfN’s transport plan consultation on behalf of the Tees Valley, in line with our established priorities; iii. that TfN will hold its AGM on 8th February, to approve its constitution, including the establishment of a new TfN Scrutiny Committee be noted.
TVCA 70/17	<p>INSPIRING OUR FUTURE</p> <p>Cabinet considered a report presenting a summary of the recent consultation of the Education, Employment and Skills Strategy, “Inspiring Our Future”, and the changes to be incorporated into the final document.</p> <p>Cabinet requested that as an addition to the strategy some “Pledges” be added that will highlight targets set in various areas of Education and Employment, for example, apprenticeships. It was also agreed that as cabinet are meeting again on 16th February that the Strategy be brought to this meeting for final agreement.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> i. the consultation recommendations and the updated strategy be noted; ii. the strategy document circulated be considered and any further comment be made by Friday 9th February; iii. The final strategy be brought to the Cabinet meeting arranged for 16th February 2018 for agreement.
TVCA 71/17	<p>ROUTES TO WORK</p> <p>Consideration was given to a report summarising the plans for the local delivery of the Routes to Work Pilot. Cabinet requested that they be provided with regular updates on the progress of the pilot as appropriate and also the process for decision making on the £1.5 million spend.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> i. the progress to date with the Tees Valley Routes to Work Pilot be noted; ii. the Local Delivery Plans for each Local Authority area, subject to further refinements in the light of further analysis and experience with the pilot over time, be supported; iii. Cabinet members be provided with regular progress updates on the pilot.
TVCA 72/17	<p>GOVERNANCE & APPOINTMENTS</p> <p>Consideration was given to a report setting out the terms of reference for the Land Commission, a change to the membership of the Overview & Scrutiny Committee</p>

	<p>and an update on the recruitment process for the independent member of the Audit and Governance Committee.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> i. the terms of reference for the Land Commission at Appendix 1 be approved; ii. the Combined Authority Portfolio Holder for Housing and Regeneration be added to the Land Commission Group for all future meetings; iii. The Combined Authority Portfolio Holder for Housing and Regeneration be included in the membership of the Land Commission. iv. the appointment of Cllr Matthew Storey to the Overview & Scrutiny Committee at Appendix 2 be approved; v. the appointment of the Independent Member for Audit & Governance Committee be delegated to the Finance Director and Chair of the Audit & Governance Committee.
<p>TVCA 73/17</p>	<p>SOUTH TEES DEVELOPMENT CORPORATION UPDATE</p> <p>This item was exempt and therefore the Chair asked any press and members of the public to leave the meeting room.</p> <p>Consideration was given to a report setting out the latest position at the South Tees Development Corporation, including an overview of the reports expected to come to Cabinet over the next few months for decisions.</p> <p>RESOLVED that the update report be noted.</p>
<p>TVCA 74/17</p>	<p>DATE OF NEXT MEETING</p> <p>Friday 16th February at 10.00am.</p>