

Overview & Scrutiny Committee Agenda

Date: Thursday 17th January 2019 at 2:30pm

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

Membership:

Cllr Norma Stephenson OBE - Chair (Stockton-on-Tees Borough Council)
Cllr Ian Haszeldine – Vice Chair (Darlington Borough Council)
Cllr Heather Scott OBE (Darlington Borough Council)
Cllr Sonia Kane (Darlington Borough Council)
Cllr Stephen Akers-Belcher (Hartlepool Borough Council)
Cllr Mike McLaughlin (Hartlepool Borough Council)
Cllr Vic Walkington (Middlesbrough Council)
Cllr Matthew Storey (Middlesbrough Council)
Cllr Jean Sharrocks (Middlesbrough Council)
Cllr Glyn Nightingale (Redcar and Cleveland Borough Council)
Cllr Neil O'Brien (Redcar and Cleveland Borough Council)
Cllr Philip Thomson (Redcar and Cleveland Borough Council)
Cllr Derrick Brown (Stockton-on-Tees Borough Council)
Cllr Matt Vickers (Stockton-on-Tees Borough Council)

AGENDA

- 1. Apologies for Absence**
- 2. Declarations of Interest**
- 3. Minutes**
The minutes of the meetings held on Thursday 6th December and Thursday 20th December 2018 for confirmation and signature
- 4. Chief Executive's Update**
Attached
- 5. Durham Tees Valley Airport**
- 6. Budget Sub-Committee: Approval of draft report on budget 2019/20**
Attached

7. Forward Plan

Attached

8. Date and Time of Next Meeting:

Friday March 1st 2019 at 12noon – Cavendish House, Stockton-On-Tees,
TS17 6QY

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: John Hart – 01642 524580 – john.hart@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 constituent councils of the Combined Authority are closely integrated with 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, or in which that council is a co-funder. 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.

These minutes are in draft form until approved at the next Committee meeting and are therefore subject to amendments

TEES VALLEY COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Cavendish House, Stockton-On-Tees, TS17 6QY

Thursday 6th December 2018 at 10.00am

MEETING

ATTENDEES

Members

Cllr Norma Stephenson OBE (Chair)	Stockton on Tees Borough Council	SBC
Cllr Derrick Brown	Stockton on Tees Borough Council	SBC
Cllr Matt Vickers	Stockton on Tees Borough Council	SBC
Cllr Heather Scott OBE	Darlington Borough Council	DBC
Cllr Sonia Kane	Darlington Borough Council	DBC
Cllr Matthew Storey	Middleborough Borough Council	MBC
Cllr Vic Walkington	Middleborough Borough Council	MBC
Cllr Phillip Thomson	Redcar & Cleveland Borough Council	R&CBC
Cllr Glyn Nightingale	Redcar & Cleveland Borough Council	R&CBC

Apologies for Absence

Cllr Mike McLaughlin	Hartlepool Borough Council	HBC
Cllr Ian Haszeldine	Darlington Borough Council	DBC
Cllr Neil O'Brien	Redcar & Cleveland Borough Council	R&CBC

Officers

John Hart	Governance & Scrutiny Officer	TVCA
Julie Gilhespie	Chief Executive	TVCA
Martin Waters	Head of Finance, Resources and Housing	TVCA
Allison Fellows	Investment Director	TVCA

Other Attendees

Cllr Sue Jeffrey	Portfolio Holder for Business Growth and Investment	TVCA/R&CBC
Cameron Brown	Special Advisor to the Tees Valley Mayor	TVCA
Craig Peacock	Communications and Marketing Manager	TVCA
Gareth Alexander	Senior Media Relations Officer	TVCA
Joan Stevens	Statutory Scrutiny Manager	HBC

<p>OSC 37/18</p>	<p>INTRODUCTION/APOLOGIES FOR ABSENCE</p> <p>The Chair opened the meeting by congratulating Julie Gilhespie on her permanent appointment as Chief Executive of the Tees Valley Combined Authority.</p> <p>She then confirmed that the Committee would be holding a special meeting on 21st December 2018 in order to consider the potential acquisition by the Combined Authority of Durham Tees Valley Airport, as announced by the Mayor of the Tees Valley two days previously. She stated that this matter would involve considerable work by the Overview & Scrutiny Committee given the scale of investment required by the acquisition, timescales involved and strategic importance of the airport to the Tees Valley region.</p> <p>Apologies for absence were received from Councillors Haszeldine, McLaughlin and O'Brien,</p> <p>John Hart, Governance & Scrutiny Officer, reported to the committee that Cllr Rob Cook had given notice of his intention to stand down from the Committee and that a replacement member from Hartlepool Borough Council would be brought forward in due course.</p> <p>Cllr Heather Scott asked the Chair if the meeting had achieved quorum. The Chair relied that it had not, but as no agenda items required a decision it would be appropriate for the meeting to proceed with the committee's agreement. Members were content to proceed.</p> <p>Cllr Philip Thomson requested that the Chair provide feedback to Hartlepool Borough Councillor with regards to member concerns about low attendance levels from members of that authority at Committee meetings. The Chair stated that she would be writing to the Council Leader to raise these concerns.</p>	
<p>OSC 38/18</p>	<p>DECLARATIONS OF INTEREST</p> <p>There were no interests declared.</p>	
<p>OSC 39/18</p>	<p>MINUTES</p> <p>The minutes of the meeting on 25th October 2018 were agreed and signed as a correct record.</p>	
<p>OSC 40/18</p>	<p>ANNOUNCEMENTS FROM THE CHIEF EXECUTIVE</p> <p>Julie Gilhespie, Chief Executive of the Tees Valley Combined Authority, introduced a report presenting significant activities undertaken by the Combined Authority since the last meeting of the Committee, as requested by members at that meeting. This update included details of:</p> <ul style="list-style-type: none"> • Her appointment as permanent Head of Paid Service. • The announcement by a consortium of 6 major energy firms 	

	<p>of plans to construct a major Clean Gas development in the Tees Valley, capturing and storing local carbon emissions.</p> <ul style="list-style-type: none"> • Decisions taken at the Cabinet meeting of Friday 30th November 2018, including the publication of the Combined Authority's draft 2019-20 budget and the appointment of three female business leaders to the Local Enterprise Partnership. • The anticipated imminent acquisition of land on the South Tees Development Corporation site. <p>Cllr Thomson thanked the Chief Executive for the written report, and asked if there would be a conflict between the need to balance industrial investment and environmental concerns relating to the Site of Special Scientific Interest at South Gare with regards to the Clean Gas plant. Julie Gilhespie replied that all necessary stakeholders, including the South Tees Development Corporation, would be aware of this need.</p> <p>Cllr Scott made reference to government's Opportunity North East education funding, as detailed in the report and the need to ensure that Local Authorities bid for that funding. Julie Gilhespie stated that this was a high priority for Council Leaders, confirmed by the present Cllr Sue Jeffrey, speaking as Leader of Redcar and Cleveland Borough Council.</p> <p>Cllr Scott continued by asking for confirmation that the Combined Authority was liaising with adult education providers with regards to progress towards the devolution of the Adult Education Budget to the Combined Authority. Julie Gilhespie confirmed that a comprehensive consultation process was being conducted.</p> <p>Cllr Matthew Storey asked if it was appropriate for Julie Gilhespie to remain as the Combined Authority's Section 73 Officer having moved from Finance Director to Chief Executive. Julie Gilhespie stated that this was permissible but that a recruitment process for a permanent Section 73 Officer would commence shortly, and that on an operational level Martin Waters as interim Head of Resources, Finance and Housing currently had day to day responsibility for the financial duties she held in her previous role.</p>	
<p>OSC 41/18</p>	<p>PORTFOLIO UPDATE: BUSINESS GROWTH AND INVESTMENT</p> <p>Cllr Sue Jeffrey, Portfolio Holder for Business Growth and Investment, introduced a portfolio update detailing the Combined Authority's current activities in this area.</p> <p>She reported that investment proposals now exceeded the £500m Single Pot available for investment until 2021, and as a result a prioritisation exercise was currently underway – to be completed early in 2019.</p> <p>She highlighted the need to maximise use of the European Funding available until 2021 as these funds made up 35% of the Single Pot. She stated that it was vital that these funds be replaced post-Brexit, but that details of the government's proposed UK Shared Prosperity</p>	

Fund were still awaited. She briefed the committee that the Combined Authority had lobbied that this funding be equal to existing levels, that the government should continue to provide the equivalent in match funding and that all funding should be provided without restrictions as part of the TVCA Single Pot.

The portfolio holder then briefed members on Combined Authority efforts to enhance town centres, as requested by the committee. She stated that the Combined Authority would invest in projects which developed Tees Valley town centres as locations for professional and business services and provided suitable space for business growth – as demonstrated by investment in the Feethams office development in Darlington - but that retail offer and public realm remained the responsibility of the Constituent Authorities.

She continued by drawing the Committee's attention to TVCA investment in innovatory technology with significant future growth potential, for example recent investments in Liberty Steel and Fujifilm Diosynth.

The portfolio holder then commented on recent announcements relating to the proposed acquisition of Durham Tees Valley Airport, in particular:

- TVCA's commitment to the Airport, explicitly referred to in the Investment Plan.
- That the airport's closure in 2021 remained a possibility.
- That the proposed acquisition related simply to the purchase of land and buildings.
- Her view that an over-burdening of the Single Pot would likely divert funding from other projects.

She concluded by stating that this acquisition would be the largest single investment ever proposed by the Combined Authority and must be subject to the same affordability, deliverability and sustainability tests as any other investment project.

The Chair proposed that members first ask questions of the portfolio holder relating to areas other than the airport.

Cllr Nightingale requested further details of the Combined Authority's approach to seeking match-funding for projects. Alison Fellows, Investment Director, stated that this varied from project to project, with European Funding in particular requiring a very formal process, but every effort was made with every investment application to maximise investment using all appropriate sources.

Cllr Walkington asked if applications from private sector businesses were assessed differently to others given the uncertainty of future business performance. Alison Fellows replied that the assessment framework was the same, but these applications tended to receive a combination of grant and loan funding and were subject to intensive long-term monitoring.

Cllr Thomson requested that further reports included figures on job

	<p>creation alongside investment levels.</p> <p>The Chair then proposed a short recess.</p> <p>Following the recess members held a thorough discussion relating to the process for scrutinising the proposed acquisition of the airport, with contributions from the Chair and Cllrs Scott, Thomson, Vickers, Storey, Nightingale, with consensus that the process be non-political, the committee be supplied with all relevant information as early as possible and that a representative of Peel Holdings be invited to the scrutiny meeting on 21st of December.</p> <p>As part of this discussion Julie Gilhespie briefed the committee that the Monitoring Officer was being consulted on any potential alteration to the Budget process necessitated by the proposal, and that independent due diligence had been commissioned on the Business Plan developed alongside the proposed purchase.</p>	
OSC 42/18	<p>BUDGET SUB-COMMITTEE: UPDATE ON PRELIMINARY BUDGET 2019/20 CONSULTATION BRIEFING</p> <p>A report was circulated from the Vice Chair of Overview and Scrutiny and Chair of the committee's Finance Sub-Committee, briefing members on the sub-committee's first Budget scrutiny meeting, and areas of interest the group had requested further information from officers be supplied at its second meeting, in particular:</p> <ul style="list-style-type: none"> • The future of European Funding and the UK Shared Prosperity Fund • Investments made using the Tees Valley Pension Fund • Potential investment required to acquire Durham Tees Valley Airport, not detailed within the Budget. • The Mayoral Capacity Fund • Business Rate retention in Enterprise Zones. <p>John Hart, Governance and Scrutiny Officer, briefed members that the sub-committee had expressed a desire to investigate in closer detail investment decisions detailed within the Budget, and that it had been agreed that the sub-committee would add this to its work programme following the completion of TVCA's ongoing prioritisation exercise.</p>	
OSC 43/18	<p>OVERVIEW AND SCRUTINY STUDY: DIVERSITY IN THE TEES VALLEY COMBINED AUTHORITY</p> <p>John Hart updated members on the progress of the study, reporting that the working group had now met to agree recommendations and that the report was now being prepared for circulation early in 2019.</p> <p>He also reported that the Fawcett Society, IPPR, TUC and Local Government Information Unit had agreed to receive the report for comment.</p>	
OSC 44/18	<p>FORWARD PLAN</p>	

	Members received an update on the committee's future work programme from the Governance & Scrutiny Officer and agreed the Forward Plan as presented	
OSC 45/18	DATE OF THE NEXT MEETING 21 st December 2018 at 10.00am (special meeting) 17 th January 2019 at 2.00pm (ordinary meeting)	

Minutes agreed as a true record

Councillor Norma Stephenson OBE:.....

Date:.....

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TEES VALLEY COMBINED AUTHORITY OVERVIEW & SCRUTINY COMMITTEE

Cavendish House, Stockton-On-Tees, TS17 6QY
Thursday 20th December 2018 at 13.00 pm

MEETING

ATTENDEES

Members of Overview and Scrutiny Committee

Cllr Norma Stephenson OBE (Chair)	Stockton On Tees Borough Council	SBC
Cllr Derrick Brown	Stockton on Tees Borough Council	SBC
Cllr Matt Vickers	Stockton on Tees Borough Council	SBC
Cllr Ian Haszeldine (Vice Chair)	Darlington Borough Council	DBC
Cllr Sonia Kane	Darlington Borough Council	DBC
Cllr Heather Scott OBE	Darlington Borough Council	DBC
Cllr Vic Walkington	Middlesbrough Borough Council	MBC
Cllr Matthew Storey	Middlesbrough Borough Council	MBC
Cllr Jean Sharrocks	Middlesbrough Borough Council	MBC
Cllr Philip Thomson	Redcar & Cleveland Borough Council	R&CBC
Cllr Glyn Nightingale	Redcar & Cleveland Borough Council	R&CBC

Members of Audit and Governance Committee

Cllr Nicky Walker	Middlesbrough Borough Council	MBC
Cllr Barry Woodhouse	Stockton on Tees Borough Council	SBC
Cllr Bob Norton	Redcar & Cleveland Borough Council	R&CBC
Jonny Munby	Independent Member	
Paul Bury	Independent Member	
Chris White	Independent Member	

Member of Transport Committee

Cllr Lewis Young	Middleborough Borough Council	MBC
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Other attendees

Ben Houchen	Tees Valley Mayor	TVCA
Two representatives of the proposed airport operator		Confidential

Apologies for absence

Cllr Neil O'Brien	Redcar & Cleveland Borough Council	R&CBC
Cllr Mike McLaughlin	Hartlepool Borough Council	HBC
Cllr Charles Johnson	Darlington Borough Council	DBC

Officers

John Hart	Governance & Scrutiny Officer	TVCA
Linda Edworthy	Strategy Director	TVCA
Julie Prior	Legal and Commercial Manager	TVCA
Martin Waters	Head of Resources, Finance and Housing	TVCA
Alison Fellows	Investment Director	TVCA
Neil Kenley	Business Director	TVCA
Neal Smith	Head of Communication and Marketing	TVCA
Cameron Brown	Special Advisor to the Tees Valley Mayor	TVCA
Chris Duggan	Chief of Staff to the Tees Valley Mayor	TVCA
Andrew Nixon	Monitoring Officer	TVCA

OSC 45/18	INTRODUCTION	
	The Chair opened the meeting by welcoming members of the Tees Valley Combined Authority Audit & Governance and Transport Committee to the meeting and reiterating to members that due to the commercially confidential nature of discussions any information shared with members as part of this meeting was subject to the Confidentiality Undertaking they had previously signed, and that the Tees Valley Combined Authority's Legal and Commercial Manager was available to answer any questions members had about the agreements.	
OSC 46/18	RESOLUTION TO EXCLUDE THE PRESS AND PUBLIC	
	The Chair proposed, and the Committee agreed, to pass a resolution to exclude the press and public under paragraph 3 of part 1 of schedule 12a of the Local Government Act 1972, in order to allow the Committee to consider matters of a commercially confidential nature. The proposition was seconded by the Vice Chair. There then followed a short recess to allow members of the press to exit the meeting.	
OSC 47/18	DURHAM TEES VALLEY AIRPORT	
	The Committee received an update on the proposed acquisition of the airport from the Mayor of the Tees Valley and representatives of the proposed operator of the airport. Members then had the opportunity to ask questions of the Mayor and proposed operators. The Committee were advised that a special Cabinet would be held on 24 th January 2019 to formally consider the acquisition and that it was the intention of the Mayor of the Tees Valley to publically publish the proposals relating to the acquisition alongside a business plan in time for them to be supplied to members ahead of the Overview & Scrutiny Committee meeting of January 17 th 2019.	

	MEMBERS RESOLVED that: <ul style="list-style-type: none"> i. The published proposals for the acquisition of Durham Tees Valley airport be examined by the Committee at its next scheduled meeting. ii. The Mayor of the Tees Valley attend this meeting to answer questions from members relating to the proposals. 	
OSC 48/18	DATE OF THE NEXT MEETING	
	Thursday 17 th January 2019 at 2.00pm	

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AGENDA ITEM 4**REPORT TO THE OVERVIEW AND SCRUTINY COMMITTEE****17th JANUARY 2019****REPORT OF CHIEF EXECUTIVE****UPDATE FROM CHIEF EXECUTIVE****SUMMARY**

This report updates members of the Overview and Scrutiny Committee on significant recent developments at the Tees Valley Combined Authority, in addition to further verbal updates to be provided at the meeting.

DETAIL

1. In addition to the completion of the Combined Authority Budget for 2019-20 and the proposed acquisition of Durham Tees Valley Airport, which will be addressed under the agenda of this meeting, the following Combined Authority projects are worthy of noting by the Committee.

Acquisition of land by South Tees Development Corporation

2. The Board of the Tees Development Corporation is meeting on Tuesday January 15th to discuss progress towards the acquisition of land on the Development Corporation site.
3. Members will be receive an update on the outcome of this meeting under this agenda item.

Rugby League World Cup

4. An announcement is expected on whether the Tees Valley will host games or a team as part of the 2021 Rugby League World Cup on the 29th January 2019.
5. The Combined Authority has been working in partnership with Middlesbrough Football Club, Middlesbrough Council and Darlington Mowden Park to submit a bid to host matches and a team at the tournament, and in August 2018 received news that the bid had progressed from applicant to candidate status.

Apprenticeship Support

6. New funding support to help the region's employers create more apprenticeships has been formally launched by the Tees Valley Combined Authority.
7. Changes to the Apprenticeship Support for Employers scheme will now see employers looking to take on apprentices offered a sliding scale of financial support related to the level of the apprenticeship created and an expanded list of priority sectors.

8. Two grants are now available:

- £2000 to £4000, with an additional grant of £2000 offered for each progression, available to small to medium businesses (249 or fewer employees) from identified priority sectors.
- £500 to £1000, with an additional grant of £1000 for each progression, available to small businesses (49 or fewer employees) from any employment sectors.

First South Tees Development Corporation construction project begins

9. Work has commenced on a Combined Authority funded project to open up access to part of the South Tees Development Corporation site.
10. The £1million scheme will create southern access by highway to the site, increasing strategic access to 350 acres of developable land and 1.3 kilometres of valuable river frontage, offering the opportunity for a major increase in port capacity, and is due to be completed this summer.

Name of Contact Officer: Julie Gilhespie

Post Title: Chief Executive

Telephone Number: 01642 528 7091

Email Address: julie.gilhespie@teesvalley-ca.gov.uk

AGENDA ITEM 6**REPORT TO OVERVIEW AND SCRUTINY COMMITTEE****17th JANUARY 2019****REPORT OF FINANCE AND
RESOURCES SUB-COMMITTEE****OVERVIEW & SCRUTINY BUDGET CONSULTATION REPORT****SUMMARY**

The Combined Authority is required to set out its Budget on an annual basis, and to consult publicly before this Budget receives final approval by Cabinet.

The Overview and Scrutiny Committee has previously convened a Finance and Resources sub-committee - made up of the committee's Vice-Chair and four other full members - to scrutinise on the Budget in more detail, conduct a full analysis of the draft documents and contribute to the consultation process.

This report details the findings of the sub-committee and their consultation response to be provided to Cabinet at their meeting on 31st January 2019.

RECOMMENDATIONS

It is recommended that the full Overview and Scrutiny Committee:

- i. Note the process undertaken by Overview and Scrutiny Committee Finance and Resources Sub-committee to scrutinise the budget.
- ii. Note the conclusion of the Overview & Scrutiny Committee that the budget should be supported
- iii. Approve the attached report for presentation to Tees Valley Combined Authority Cabinet on 31st January 2019.

DETAIL

1. The Overview & Scrutiny Committee agreed at its meeting of 13th September 2018 to establish a standing Finance and Resources Sub-committee in order to focus on Combined Authority budget arrangements in detail, and to report back to the main Committee.
2. This sub-committee is chaired by Councillor Ian Haszeldine (Darlington Borough Council) Vice-chair of the full committee. The other members of the group are Councillor Philip Thomson (Redcar and Cleveland Borough Council) Councillor Heather Scott (Darlington Borough Council), Councillor Matthew Storey

(Middlesbrough Borough Council) and Councillor Derrick Brown (Stockton Borough Council).

3. The task and finish group met on Monday 6th December 2018, after being provided with the draft Budget upon its publication on Friday 23rd November 2018. At this meeting they were able to question the Head of Finance and Resources and Finance Manager on the proposed budget.
4. The sub-committee subsequently reported back to full committee at its meeting of Thursday 6th December. As a result, a list of the questions was submitted for response by the Head of Finance and Resources for answer at a further sub-committee meeting on Tuesday 11th December.
5. Following these meetings the members of the sub-committee agreed that they were satisfied with the responses given and now felt they had a good understanding of the budget.
6. A report from the sub-committee was drafted for presentation at the meeting of the Overview & Scrutiny Committee on 17th January 2019. This meeting will allow the full committee to review the findings of the sub-committee and put forward any final questions they may have to the Chief Executive.
8. The Committee had a particular interest in the following topics:
 - The relationship between the Combined Authority annual budget and its Investment Plan, and in particular the proposed acquisition of Durham Tees Valley Airport
 - The impact on the future funding of Combined Authority activities following the United Kingdom's exit from the European Union.
 - Business Rate retention in Special Enterprise Zones and its potential negative impact upon the individual budgets of constituent councils of the Combined Authority.
 - The impact on available investment resources of the scheduled withdrawal of the Mayoral Capacity Fund in 2019-20.
9. In the interests of full transparency a full list of questions posed by members and officer responses is attached in Appendix 1.
10. The Committee were content with the information provided by officers and agreed to endorse the budget proposals, subject to some amendments to improve transparency and clarity on specific issues.

FINANCIAL IMPLICATIONS

11. The final published report will set the budget for the Combined Authority.

LEGAL IMPLICATIONS

12. 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

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

CONSULTATION

14. Consultation was undertaken with the public and key stakeholders for a period from 30th November 2018 to 6th January 2019.

Name of Contact Officer: John Hart
Post Title: Finance Governance & Scrutiny Officer
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Email Address: john.hart@teesvalley-ca.gov.uk

Appendix 1:

DRAFT Budget Response: Tees Valley Combined Authority Overview and Scrutiny Committee

The Finance and Resources Sub-Committee, acting with the authority of the Combined Authority Overview and Scrutiny Committee, are satisfied with the information provided by officers and are content to ratify the budget proposals.

Whilst concluding that this budget should be supported members would like to place on record the following observations and intentions:

- The sub-committee accepts that the Budget appropriately allocates the available resources to deliver on the strategic priorities of the Tees Valley Combined Authority, but perceives the need for more comprehensive member oversight of specific investment decisions to be undertaken as the Combined Authority's output scales up. Members agreed with the recommendation of officers that the completion of Combined Authority's ongoing prioritisation exercise would be the most appropriate time to commence this work.
- Members also recognised a need for more overview and scrutiny to be undertaken of the delivery and outputs of specific live Combined Authority programmes – for example the Routes to Work programme - in particular with regards to job creation.
- The sub-committee received assurances from officers that the costs of the proposed acquisition of Durham Tees Valley Airport could be met from existing investment resources – but note the potential burden on limited Combined Authority investment resources of investments of this scale, in particular given the operating and other ongoing costs associated with the ownership.
- Members are extremely concerned about a lack of clarity from HM Government relating to the replacement of European Funding allocated to the Tees Valley Combined Authority following the United Kingdom's exit from the European Union and a lack of detail forthcoming with regards to the proposed UK Shared Prosperity Fund.
- Members expressed some concern that HM Government had also not provided a commitment to extend provision of the £1m Mayoral Capacity Fund after 2019-20. Although officers clarified that this funding is absorbed into the overall Single Pot, is not controlled by the Mayor and is not used to resource his office, some members questioned the sustainability of the non-imposition of a Mayoral Council Tax precept should this funding be withdrawn.
- Members requested greater clarity about Business Rate retention in Enterprise Zones and Special Enterprise Zones in light of their potential to negatively impact upon Local Authority budgets.

For transparency purposes, the questions asked of officers relating to the budget are detailed below.

Appendix 2:

Questions posed to officers by members of the Tees Valley Scrutiny Overview and Scrutiny Committee as part of the 2019-20 Budget Consultation Process.

- 1. How will funding received from the European Regional Development Fund and European Social Fund detailed within the budget be replaced following the United Kingdom's exit from the European Union?**

The government has announced the creation of a UK Shared Prosperity Fund to replace European funding for economic development projects, but no further details have been provided at this time.

- 2. Have any investments been made by the Tees Valley Combined Authority in partnership with the Tees Valley Pension Fund?**

No investments of this nature have been made.

- 3. Why is no reference made in the Budget to the acquisition of Durham Tees Valley Airport? And are resources available to purchase the airport – including operating costs?**

At this stage this investment is only at the proposal stage, and the budget refers only to investments formally approved by Cabinet. A minimum of £95m remains available for single pot investment within in the planned period.

- 4. Will the delay of the 2019 Local Government Finance Settlement impact on this budget?**

We do not anticipate any impact on Combined Authority resources.

- 5. What is the nature the £1m Mayoral Capacity Fund detailed in the budget papers? Is this money utilised to run the Mayor's office or available to spend by the Mayor?**

The Mayoral Combined Authority Capacity Fund is absorbed into the Combined Authority Single Pot for investment and to support running costs. It is not a separate budget controlled by the Mayor.

- 6. Can officers please provide members with further with details Tees Valley Enterprise Zones and Special Enterprise Zones, in particular relating to the retention of business rates, and confirm whether or not they could negatively impact on Local Authority budgets.**

A thorough briefing on this subject will be added to the Committee Forward Plan.

- 7. Can TVCA running costs as agreed in the 2018-19 Budget be provided for comparison with those detailed in this year's proposed budget?**

Proposed running costs are unchanged year-on-year. Budget papers will be amended to make this explicit.

- 8. Can further details of investment returns achieved by TVCA Treasury Management be provided to members?**

These have been circulated to members.

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Tees Valley Combined Authority Overview & Scrutiny

Work Programme 2018/19

Standing Items

Minutes from the Previous Meeting

Announcements from the Chair

Announcements from the Chief Executive – **TO INCLUDE WRITTEN ELEMENT**

Forward Plan

Date and Venue of the Next Meeting

Date	Venue	Item / Responsible Officer
1 st March 2019 at 12noon	Room 1 Cavendish House Teesdale Business Park Stockton On Tees TS17 6QY	Portfolio update: Cllr Christopher Akers-Belcher (Education, Employment and Skills) Janet Renou, Regional Schools Commissioner Adult Education Budget – Shona Duncan/Jacqui Banks Diversity and the Tees Valley Combined Authority: Draft Report – John Hart
25 th April 2019 at 10am	Room 1 Cavendish House Teesdale Business Park Stockton On Tees TS17 6QY	Full-Year Budget Performance (2018/2019) Forward Plan for Civic Year 2019/2020

Items to be scheduled

Special Enterprise Zones

Finance and Resources Sub-Committee (Members: Cllrs Haszeldine, Thompson, Storey, Scott, Brown)

Tuesday 26th February TBC

Expenses incurred by Combined Authority Members

Tuesday 26th March TBC

Full-Year Budget Performance (2018/2019)

Thursday 25th April TBC

Full Committee to receive report on Expenses Incurred by Combined Authority Members

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