

**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><b>OSC 37/18</b></p>	<p><b>INTRODUCTION/APOLOGIES FOR ABSENCE</b></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 21<sup>st</sup> 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 &amp; 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 &amp; 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><b>OSC 38/18</b></p>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>There were no interests declared.</p>	
<p><b>OSC 39/18</b></p>	<p><b>MINUTES</b></p> <p>The minutes of the meeting on 25<sup>th</sup> October 2018 were agreed and signed as a correct record.</p>	
<p><b>OSC 40/18</b></p>	<p><b>ANNOUNCEMENTS FROM THE CHIEF EXECUTIVE</b></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"> <li>• Her appointment as permanent Head of Paid Service.</li> <li>• The announcement by a consortium of 6 major energy firms</li> </ul>	

	<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"> <li>• Decisions taken at the Cabinet meeting of Friday 30<sup>th</sup> 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.</li> <li>• The anticipated imminent acquisition of land on the South Tees Development Corporation site.</li> </ul> <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><b>OSC 41/18</b></p>	<p><b>PORTFOLIO UPDATE: BUSINESS GROWTH AND INVESTMENT</b></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 21<sup>st</sup> 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>	
<b>OSC 42/18</b>	<p><b>BUDGET SUB-COMMITTEE: UPDATE ON PRELIMINARY BUDGET 2019/20 CONSULTATION BRIEFING</b></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"> <li>• The future of European Funding and the UK Shared Prosperity Fund</li> <li>• Investments made using the Tees Valley Pension Fund</li> <li>• Potential investment required to acquire Durham Tees Valley Airport, not detailed within the Budget.</li> <li>• The Mayoral Capacity Fund</li> <li>• Business Rate retention in Enterprise Zones.</li> </ul> <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>	
<b>OSC 43/18</b>	<p><b>OVERVIEW AND SCRUTINY STUDY: DIVERSITY IN THE TEES VALLEY COMBINED AUTHORITY</b></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>	
<b>OSC 44/18</b>	<p><b>FORWARD PLAN</b></p>	

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

**Minutes agreed as a true record**

Councillor Norma Stephenson OBE:.....

Date:.....