

TEES VALLEY COMBINED AUTHORITY BOARD

Meeting held at The Curve at 11.00am on Monday, 4th April 2016

ATTENDEES

Members

Councillor Sue Jeffrey (Chair)	Leader of Redcar and Cleveland Borough Council	Chair
Councillor Bill Dixon	Leader of Darlington Borough Council	DBC
Councillor Christopher Akers-Belcher	Leader of Hartlepool Council	HBC
Mayor David Budd	Mayor of Middlesbrough Council	MBC
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
Ian Kinnery	Member of Tees Valley LEP	LEP
Alastair MacColl	Member of Tees Valley LEP	LEP
Nigel Perry	Member of Tees Valley LEP	LEP
David Robinson	Member of Tees Valley LEP	LEP
David Soley	Member of Tees Valley LEP	LEP
Alison Thain	Member of Tees Valley LEP	LEP

Apologies for absence

Paul Croney	Member of Tees Valley LEP	LEP
Naz Parkar	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 Council	DBC
Garry Cummings	Section 151 Officer (Stockton-on-Tees Borough Council)	SBC

Linda Edworthy	TVU	TVU
Nigel Hart	Stockton-on-Tees Borough Council	SBC
Neil Kenley	TVU	TVU
Rob Mitchell	Redcar and Cleveland Borough Council	R&CBC
Mike Robinson	Chief Executive of Middlesbrough Council	MBC
Neil Schneider	Chief Executive of Stockton-on-Tees Borough Council	SBC
Amanda Skelton	Chief Executive of Redcar and Cleveland Borough Council	R&CBC

Action

TVCA CONFIRMATION OF MEMBERSHIP

1/16

RESOLVED that:-

1. The constituent Tees Valley Council Members appointed to the Tees Valley Combined Authority be noted.
2. The nomination of Paul Booth from the Tees Valley Local Enterprise Partnership be agreed.
3. The Associate Membership of the Tees Valley Combined Authority be agreed.

TVCA APPOINTMENT OF CHAIR

2/16

RESOLVED that Councillor Sue Jeffrey be appointed Chair for the period up until the date of the 2016 Annual Meeting of the Tees Valley Combined Authority.

TVCA CHAIR'S WELCOME

3/16

The Chair welcomed everyone to the first meeting of the Tees Valley Combined Authority and outlined the aspirations for the Authority going forward.

TVCA APPOINTMENT OF VICE CHAIR

4/16

RESOLVED that Councillor David Budd be appointed Vice Chair for the period up until the date of the 2016 Annual Meeting of the Tees Valley Combined Authority.

TVCA ROTATION OF CHAIR OF TEES VALLEY COMBINED AUTHORITY

5/16

RESOLVED that the position of Chair will be rotated between the 5 Tees Valley Local Authorities.

TVCA TEES VALLEY COMBINED AUTHORITY'S CONSTITUTION

6/16

RESOLVED that the Tees Valley Combined Authority's Constitution be approved.

TVCA DECLARATIONS OF INTEREST

7/16

There were no interests declared.

TVCA 8/16 APPOINTMENT OF STATUTORY OFFICERS

RESOLVED that:-

1. The appointment of the Head of Paid Service be deferred to a future meeting.
2. David Bond (Stockton-on-Tees Borough Council) be appointed Monitoring Officer.
3. Garry Cummings (Stockton-on-Tees Borough Council) be appointed Section 151 Officer.

TVCA 9/16 DATE OF THE ANNUAL MEETING

RESOLVED that the date of the Annual Meeting be 7th June 2016 at 10.00am.

TVCA 10/16 MEDIUM TERM FINANCIAL PLAN

Consideration was given to a report that set out the Tees Valley Combined Authority (TVCA) revenue and capital budgets for 2016/17 and presented provisional figures across the medium term.

This was the first formal budget for the TVCA which built upon those budgets inherited from Tees Valley Unlimited (TVU). It also included proposed transport budgets to be transferred from Tees Valley Authorities to the new organisation and information on investment funds available.

The budget was presented based on the organisation and arrangements around the Combined Authority which were linked to the current funding streams and Local Authority contribution levels.

As previously agreed by the Tees Valley Leaders and Mayor, there would be a further staffing review required following the establishment of the Combined Authority and in preparation for the future requirements of the Devolution Deal. A further report would be presented to the Combined Authority Board outlining the financial implications at that time which would need to be considered alongside the funding available.

A table within the report identified the proposed core budgets that were required to operate the CA and were based on the agreement that the running costs of the CA would not increase over and above those agreed for TVU.

The Tees Valley Leaders & Mayors had previously discussed and agreed the need to undertake a review of Management and capacity once details of the Devolution Deal were finalized. Any costs associated with this could be funded from the Core Funding Capacity Grant or a small top-slice to the Investment Funds available from EZ

income, Single Capital Pot, etc.

In line with the agreements in place around the funding of TVU and the constitution of the Combined Authority the contributions required for 2016/17 were outlined within the report. The comparative figures for 2015/16 were also shown. The future level of contributions would need to be considered alongside the review of the structure and use of future Combined Authority Resources.

In December 2015 DCLG confirmed that they would continue to pay £250,000 of core funding and £250,000 Capacity Funding to each LEP for 2016/17. Confirmation of funding for subsequent years was still awaited.

An additional £500,000 would therefore be available on top of the originally approved expenditure plans.

A table within the report identified the estimated funds available and the commitments that had been previously approved by the TVU Leadership Board. In advance of the wider review of the organisational structure, it was recognised that there was a need to appoint a temporary Director of Transport and Infrastructure for a period of two years at an estimated cost of £216,000 and this proposal was agreed in February 2016 through utilising this funding. This would clearly be considered as part of the future review of organisational capacity.

The Tees Valley Combined Authority Order 2016 placed specific transport powers on the TVCA and these costs had to be attributable across the constituent councils by the way of a contribution in such proportions as they agreed. In this instance the apportionment was based on the same proportion each council had budgeted to spend in the year prior to the transfer of functions.

The total net 2016/17 expenditure for transport related specifically to those associated with Concessionary Fares. In 2015/16 the Tees Valley budgets were £16.6m and following negotiations it was anticipated that the costs in 2016/17 would be the same as 2016/17.

At 31 March 2016, the level of balances were expected to be £850,000. TVU Leadership Board had previously earmarked £39,000 to support expenditure in future years as follows:

- a. Marketing & Communications £17,000
- b. Combined Authority Programme Management £17,000
- c. LEP Network £5,000

It was recommended that the Combined Authority endorse these previous approvals.

In line with financial Best Practice and Audit guidelines, there would be a requirement to establish a General Reserve, commonly referred to as General Fund Balances in order to manage any unforeseen events. The overall budget of the new Authority was uncertain going forward and would be largely determined by investment funding. Previously a Reserve had been held to cover redundancy costs etc. It was recommended that the uncommitted Reserve of £811,000 be held as General Fund Balances and that this was considered further in the year when funding levels and associated risks were clarified.

TVU had received a Local Growth Fund Allocation of £96.6m covering 2015/16 – 2019/20. The 2015/16 and 2016/17 allocations of £53m had been confirmed, with the other 3 years being indicative allocations. Schemes totalling £33.84m had been approved and these were shown on the Capital Programme which was attached to the report. A number of additional schemes covering the balance of funding were identified subject to satisfactory diligence.

In 2015 the TV Shadow Combined Authority agreed a Devolution Deal in principle with the Government which would result in the allocation of funding of £450m, based on £15m per year for 30 years, subject to Gateway reviews every five years, and also subject to the appointment of a Mayor. Indications from Government were that this would be incorporated within a Single Capital Pot, together with the balance of the Local Growth Fund and elements of transport funds. Negotiations with Government were still ongoing around the level and certainty of funding and the flexibilities available and further detail would be submitted to the Combined Authority when clarity was ascertained.

There were eight Enterprise Zones within the Tees Valley where it had been agreed that the business rates growth that was generated from these sites were paid over to the Combined Authority for 25 years. The TVU Shadow Combined Authority also approved the use of EZ income to fund the Digital City scheme which was £468,000. It was estimated that this would generate £18m over the next 5 years. Three of the original four locally funded EZ sites would become Government funded from April 2016. 50% of the business rates growth from these three sites would come to the Combined Authority with the remainder going to the relevant Local Authority.

The Growing Places Fund was a revolving loans fund which was allocated by the Government to unlock economic growth by addressing immediate infrastructure constraints. £8.5m was originally awarded by the Government and to date TV Unlimited had allocated approximately £5.3m. At present there were no commitments against the remaining balance and over the next few years loan repayments would begin to be repaid increasing the amount of funds available to invest.

Given that elements of the funding were Revenue, this created the option of prudentially borrowing if the Strategic Economic Plan identified transformational projects and initiatives where early implementation would be beneficial.

The Authority was required to approve a Treasury Management and

Investment Strategy each year. The document set out projections for borrowing and investments, and the guidelines under which Treasury Management officers would operate to ensure the security and liquidity of TVCA's funds.

A number of Treasury Management Indicators and Prudential Indicators were set out to be agreed to enable monitoring of the delivery of this strategy.

The full Treasury Management and Investment Strategy and Prudential Indicators were attached to the report.

RESOLVED that:-

1. The 2016/17 budget and indicative 2017-19 Medium Term Financial Plan outlined in paragraph 2 of the report be approved.
2. The use of £39,000 of the TVU reserve held at 31 March 2016 as outlined at paragraph 10 be approved with the balance of £811,000 being used to create a General Balances Reserve.
3. The use of LEP Core and Capacity Funding outlined in paragraph 7 be approved.
4. The balance of LEP and Core Capacity Funding of £397,000 be held in a separate Reserve to be allocated by the Combined Authority following consultation with LEP Members as part of a future report.
5. The Capital Programme at Appendix A of the report be approved.
6. The previous decision of the Tees Valley Leaders & Mayor to use EZ income to fund Digital City be endorsed and the estimate of resources available for investment be noted.
7. The Treasury Management Strategy, Minimum Revenue Provision Statement and Prudential Indicators, as set out at Appendix B of the report be approved.

TVCA 11/16 TEES VALLEY STRATEGIC TRANSPORT PRIORITIES – PRESENTATION

A presentation was given to Members on Tees Valley Strategic Transport Priorities. The presentation covered the following key areas:-

1. Transformational Growth
2. Independent Economic Review
3. Tees Valley Growth Sectors and Devolution Deal
4. Northern Transport Strategy
5. Darlington Train Station Layout Issues and Vision
6. New Tees Crossing
7. East-West Connectivity

8. Electrification
9. Middlesbrough Train Station
10. Enhancing Local Connectivity

Members were then given the opportunity to ask questions and make comment on the presentation.

RESOLVED that the presentation be received.

TVCA 12/16 INWARD INVESTMENT BY SIRIUS MINERALS PLC - PRESENTATION

A presentation was given to Members by Sirius Minerals PLC. The presentation covered the following key areas:-

1. Project Highlights and Market Demand
2. World's Largest and Highest Grade Polyhalite Reserve
3. The Attractions of Polyhalite
4. Development Plan and Approval Update
5. A New Benchmark in Sustainability
6. Mine Site and Mineral Transport System
7. Materials Handling Facility
8. Materials Handling and Harbour Facilities
9. Greenfield Port Facilities and Harbour Facilities
10. Sirius Minerals Agronomy Programme
11. POLY4 Outperforms Traditional Products
12. Growing Market Demand and Economic Benefits
13. Section 106 Commitments
14. Employing Local People and Local Supply Chain
15. Project Schedule and Next Steps

Members were then given the opportunity to ask questions and make comment on the presentation.

RESOLVED that the presentation be received.

TVCA 13/16 EDUCATION & SKILLS BOARD UPDATE

Consideration was given to a report on progress in dialogue with respective Government Departments, regarding responsibilities to be devolved for Education, Employment and Skills, subject to the Combined Authority finalising the Devolution Deal with Government. It would consider the scope of those responsibilities and the pace of change required to prepare for them.

The report also recommended the appropriate governance structure required to service this broad policy area both in relation to existing activities at the Tees Valley level and those that could be devolved to the area.

In addition to Education Employment and Skills responsibilities already undertaken at a Tees Valley level, the Combined Authority could have

additional responsibilities under the Devolution Deal, subject to the overall Deal being finalised with Government. Listed within the report were those funding / activity areas which Government agreed would benefit from a more localised approach through devolution, together with an update on the latest developments within that process.

It was noted that no formal decision had been taken to devolve the funds and the Combined Authority was not yet being asked to formally take on these responsibilities. A report would be brought to the Combined Authority once the position was clear about the overall Deal and there was a more detailed understanding of the implications both in terms of responsibilities and resource implications for this area of activity.

It was timely to review the governance arrangements for the existing education, employment and skills activities at the Tees Valley level and to prepare for any devolved responsibilities that the Combined Authority agreed to take on. This would need to cover the full range of education, employment and skills responsibilities including those for all ages, abilities and business sectors.

This included the need to understand the resources available, the type and level of provision already offered / needed and to make decisions on what should be procured (using the appropriate procurement guidance). In addition there was a need to review ongoing provider delivery, which would in turn inform future funding decisions.

Members were asked to agree, in principle, to a new Education, Employment and Skills governance structure under the Tees Valley Combined Authority. The proposed structure was attached to the report.

It was not considered appropriate for any of the groups operating under the Local Enterprise Partnership to take on the new TVEES Partnership Board responsibilities as the remit of the new groups would be different, but rather the existing TVU Employment, Learning and Skills Group should be discontinued and the mechanisms used for wider stakeholder / partner engagement be refreshed.

All existing TVU Employment, Learning and Skills Group member agencies would be invited to access wider communications being developed to ensure that all partners, including schools, providers and employers, continue to be aware of and included in developments in so far as they affect Tees Valley. Some members might be included in the new Education, Employment and Skills Partnership Board or within task and finish groups as appropriate.

If agreed, terms of reference for the new TVEES Partnership Board and the supporting arrangements would be developed around three key themes:

- Development and delivery of a shared and coherent Education, Employment and Skills Strategy for the Tees Valley.
- Monitoring the delivery of that Strategy.
- Leading on the wider engagement programme.

It would be important for the TVEES Partnership Board to have a senior level of membership in order to provide the appropriate levels of

responsibility, experience and breadth of skills necessary to ensure that it could take key decisions on behalf of the Combined Authority. A detailed membership list for each group would be developed as part of the terms of reference exercise. Full terms of reference and membership would be further developed under the broad headings identified above.

The detailed Terms of Reference for the proposed governance arrangements, including proposed membership would be developed and brought to the Combined Authority for consideration in due course.

RESOLVED that the following proposals be agreed in principle:-

1. An appropriate Education, Employment and Skills governance structure be developed for the Combined Authority to include:
 - Formation of a new Tees Valley Education, Employment and Skills (TVEES) Partnership Board.
 - Formation of a new TVEES Joint Commissioning Group to undertake Education, Employment and Skills related appropriate commissioning activity on behalf of the Combined Authority.
2. The existing Tees Valley Unlimited Employment and Skills Group to be discontinued.
3. Detailed Terms of Reference, including proposed membership for these arrangements be developed and brought to the Combined Authority for consideration

TVCA ENTERPRISE ZONES

14/16

Consideration was given to a report on the Tees Valley Enterprise Zones.

In July 2015 the government opened a competitive process for a further round of Enterprise Zones with a deadline for applications to be received by Department of Communities and Local Government (DCLG) of 18th September 2015.

The Tees Valley application focussed on three sites:

- Central Park (Darlington),
- Northshore (Stockton) and
- Historic Quarter (Middlesbrough).

These sites covered the existing locally funded Enterprise Zones. A copy of the plans was attached to the report.

The government announced on 25th November 2015, the creation of 18 new Enterprise Zones and extended 8 Enterprise Zones as part of its spending review.

The Tees Valley application, Enterprise Zone Growth Extension was included in this announcement.

The application process stated that the incentives for the new Enterprise Zones would be:

- Local Enterprise Partnerships retaining 100% of business rate growth for 25 years. Government's expectation is that this will be used to fund development required on the Enterprise Zone sites.

- A business rate discount for occupiers. Central government will reimburse a 100% discount for five years up to the maximum state aid de minimis threshold, for businesses that enter the zone before 31 March 2022, e.g. if a business enters the zone on 31 March 2022, it can receive the discount (subject to de minimis) until 30 March 2027.

The Tees Valley Application stated:

“This submission is being made alongside the Tees Valley Powerhouse Plan which seeks devolution of funding and powers to the Tees Valley. As part of devolution, the emerging Combined Authority would wish the income arising from the Enterprise Zone to be allocated 50% to the Combined Authority and 50% to the local authority from which the rates arise. We recognise that this is not the current EZ model or the criteria set out in this competition, but are submitting this proposal on this basis.”

The process also allowed for the creation of Enterprise Zones with Enhanced Capital Allowances (ECA) however this was not applied for in the Tees Valley application.

Local Authorities and Local Enterprise Partnerships / CA's responsible for operating Enterprise Zones would be asked to agree to a memorandum of understanding with DCLG to confirm the incentives and other benefits local partnerships could expect from establishing the zone whilst giving assurance to Ministers about the arrangements for delivering the Enterprise Zone.

The MOU was expected to cover four elements: Operation, Governance, Communications and Monitoring.

Operation - The Local Authority / LEP / CA, through the Enterprise Zone nominated person and procedures, would:-

- Provide maps and confirmation re: location incentives sought and commencement dates for each site. (Complete)
- Submit a 5-year delivery plan to the Secretary of State setting out how the Enterprise Zone would be set up and operated.
- Secure expertise needed to establish and operate the Enterprise Zone.
- Provide DCLG with a named contact for the Enterprise Zone and regularly notifying DCLG regarding progress.

Operation - DCLG would:-

- Permit Local Authorities to retain 100% of business rate growth for 25 years from the commencement date of the Enterprise Zone, on the condition that this was spent on the Local Enterprise Partnerships growth priorities. The expectation was that this would initially be to fund development required on the Enterprise Zone.
- Reimburse 100% of the discount in business rates (provided by the Local Authority on which the Enterprise Zone was sited) to businesses that occupy an Enterprise Zone site before 31 March 2022 for a period of 5 years up to the maximum state aid de minimis threshold.

Governance - The Local Authority/LEP/CA, through the Enterprise

Zone nominated person and procedures, would:-

- Agree governance structure with local partners and arrange regular meetings.
- Enter into agreements with each Local Authority with Enterprise Zones covering key delivery issues including arrangements for fast-track planning and other approvals, use of business rates retained by the local authority, collection and reporting of monitoring data etc....
- Provide DCLG with copies of board papers and the opportunity to attend meetings.

Governance - DCLG would:-

- Provide a named contact for the Enterprise Zone to advise on establishing the zones and resolving issues arising in relation to Government procedures and support.

Communications - The Local Authority/LEP/CA, through the Enterprise Zone nominated person and procedures, would:-

- Develop and implement plans for marketing the Enterprise Zone.
- Use the national Enterprise Zone logo on marketing materials and signage.

Communications - DCLG would:-

- Promote Enterprise Zone programme and good practice via press releases, website, Twitter account, LinkedIn group etc....
- Provide the opportunity for senior leaders of LEPs/Enterprise Zones with the opportunity to meet to discuss progress, challenges and good practice with senior government officials and Ministers.

Monitoring - The Local Authority / LEP / CA, through the Enterprise Zone nominated person and procedures, would:-

- Collect data on employment, business activity etc.... and report quarterly to DCLG in an agreed format.

Monitoring - DCLG would:-

- Advise on data monitoring and arrangements for returning monitoring data.
- Publishing summaries of national and regional Enterprise Zone activity, which allowed local areas to judge their own performance.

RESOLVED that the proposals outlined within the report be endorsed.

Chair.....