



Minutes

TEES VALLEY COMBINED AUTHORITY CABINET

Friday 26th January 2024 at 10am

Teesside Airport Business Suite, Teesside International Airport, Darlington

<u>ATTENDEES</u>	
<u>Members</u>	
Mayor Ben Houchen (Chair)	Tees Valley Mayor
Councillor Stephen Harker	Leader, Darlington Borough Council
Councillor Mike Young	Leader, Hartlepool Borough Council
Mayor Chris Cooke	Leader, Middlesbrough Council
Councillor Alec Brown	Leader, Redcar and Cleveland Borough Council
Councillor Robert Cook	Leader, Stockton-on-Tees Borough Council
Siobhan McArdle	Chair, Tees Valley Business Board
<u>Officers and Others in Attendance</u>	
Julie Gilhespie	Group Chief Executive, Tees Valley Combined Authority
Emma Simson	Acting Group Chief Legal Officer and Monitoring Officer, Tees Valley Combined Authority
Gary Macdonald	Group Director of Finance & Resources, Tees Valley Combined Authority
Tom Bryant	Director of Infrastructure, Tees Valley Combined Authority
Helen Kemp	Head of Business & Skills, Tees Valley Combined Authority
Mike Greene	Director of Corporate Services, Stockton-on-Tees Borough Council
Denise McGuckin	Managing Director, Hartlepool Borough Council
Ian Williams	Chief Executive, Darlington Borough Council

John Sampson	Managing Director, Redcar & Cleveland Borough Council
Guy Close	Governance & Scrutiny Manager, TVCA
Alan Weston	Head of Transport, TVCA
Sally Henry	Governance Officer, TVCA
Apologies	
Clive Heaphy	Middlesbrough Council

TVCA 27/23	<p>APOLOGIES FOR ABSENCE</p> <p>Apologies received and noted as above.</p>
TVCA 28/23	<p>DECLARATIONS OF INTEREST</p> <p>Mayor Houchen declared an interest in his capacity of Chair of STDC Board, MDC Board and HDC Board.</p> <p>All Local Authority Leaders declared an interest in the:-</p> <ul style="list-style-type: none"> • Treasury Management Strategy; • Adoption Of Investment Plan, Budget 2024-25 And Medium-Term Financial Plan; • Transport Programme. <p>Cllr Brown declared an interest in his capacity as a STDC Board member. Cllr Young declared an interest in his capacity as a HDC Board member. Mayor Cooke declared an interest in his capacity as a MDC Board member</p>
TVCA 29/23	<p>MINUTES OF PREVIOUS MEETING</p> <p>The minutes of the meeting held on 15th December 2023 were agreed as an accurate record. There were no matters arising.</p> <p>RESOLVED that the minutes of the meeting held on 15th December 2023 were confirmed as an accurate record.</p>
TVCA 30/23	<p>MAYOR'S UPDATE REPORT</p>

	<p>The Chair introduced a report providing a general update on the key activities of the Mayor and Combined Authority since the last Cabinet meeting.</p> <p>Cabinet members were invited to ask questions or comment on the report.</p> <p>No comments or questions were received.</p> <p>RESOLVED that Cabinet noted the update.</p>
<p>TVCA 31/23</p>	<p>TREASURY MANAGEMENT STRATEGY 2024/25</p> <p>Cabinet members were presented with the Authority’s Treasury Management, Capital and Investment Strategies for the financial year 2024/25. The Capital Strategy incorporates within it the Minimum Revenue Provision Policy.</p> <p>The Group Chief Executive highlighted that there was an error in the numbering within the recommendations of the report which would be rectified. She also highlighted that the processes within recommendation 3 of the report also applied to the South Tees Development Corporation and this had been omitted from the report but would be amended.</p> <p>Cabinet was invited to ask questions or comment on these items. No comments or questions were received.</p> <p>RESOLVED that Cabinet approved:-</p> <ul style="list-style-type: none"> (1) the Treasury Management, Investment and Capital Strategies for 2024/25; (2) the Revised Treasury Management limits incorporating potential future borrowing requirements for strategic economic regeneration projects for both Hartlepool Development Corporation (HDC) and Middlesbrough Development Corporation (MDC) (£75m each) and for the other three Tees Valley Local Authorities (£75m each) representing a total facility of £375m. (3) the approach to financing for Tees Valley Local Authorities, Middlesbrough Development Corporation, Hartlepool Development Corporation and South Tees Development Corporation strategic economic regeneration projects as set out at Appendix 4; (4) the delegation of authority to TVCA statutory officers to conduct the appropriate due diligence procedures and processes and make the final TVCA investment decisions in terms of financing the strategic economic regeneration projects. <p>RESOLVED that Cabinet noted the following as set out in Appendix 4: -</p> <ul style="list-style-type: none"> (1) the TVCA Group borrowing and Investment position;

	<p>(2) the TVCA Treasury Management, Capital and Investment strategy position;</p> <p>(3) the respective roles of TVCA, Tees Valley Local Authorities, MDC, HDC and STDC in the Group Treasury Management arrangements going forward set out at Appendix 4;</p> <p>(4) the risks and associated risk management plans, controls and processes that will be operating to ensure that the Authority is securing value for money in the provision of appropriate finance solutions across Tees Valley Local Authorities, HDC and MDC to achieve their objectives whilst safeguarding public funds.</p>
<p>TVCA 32/23</p>	<p>ADOPTION OF INVESTMENT PLAN, BUDGET 2024-25 AND MEDIUM-TERM FINANCIAL PLAN</p> <p>Cabinet members were provided details of the high-level financial allocations within the Investment Plan and provided the final Budget for consideration and approval.</p> <p>Cabinet were advised that consultation on the draft budget has taken place both with the Overview & Scrutiny Committee and the Tees Valley Business Board members.</p> <p>The Overview & Scrutiny Budget Consultation document was circulated with papers. Cabinet were advised that the last meeting of the committee had not been quorate so the report could not be approved. It was therefore being presented to Cabinet by the Group Chief Executive.</p> <p>The Chair of the Overview & Scrutiny Committee, Councillor Ian Haszeldine, commented that the meeting to review the Budget with TVCA Officers was excellent and committee members had a very detailed question and answer session with senior offices of TVCA.</p> <p>Cabinet members were invited to ask questions or comment on the report.</p> <p>Mayor Cooke asked why there was no increase in salaries despite the recent Director appointment and the increase in capacity of the Transport Team. He was advised that staff time can be charged to the City Region Sustainable Transport Settlement (CRSTS) existing and future allocation and it will not affect the core budget.</p> <p>Mayor Cooke also enquired how the second round CRSTS will be split between revenue and capital. He was advised that this is to be agreed with Government, but that it was expected to be weighted to capital.</p> <p>He further commented that it would have been helpful for members to have had the opportunity to be consulted on in the same way that the Business Board and Overview & Scrutiny Committee had been. The Chair advised</p>

	<p>that pre-agenda briefings for Cabinet members could be arranged in future if required.</p> <p>Cllr Harker enquired why there was a split between borrowing and reserves noted in paragraph 5 of the report. He was advised that estimates for the schemes were factored into the investment plan and assumptions were made about when the schemes may start and finish. Funds not spent during a particular financial year are therefore moved forward into the next financial year.</p> <p>RESOLVED that Cabinet:-</p> <ol style="list-style-type: none"> i. approved the final Budget for 2024-25. ii. Noted the pay policy statement 2024-25
<p>TVCA 33/23</p>	<p>TRANSPORT PROGRAMME</p> <p>Cabinet members were presented with a paper which set out the proposed transport programme to be delivered with the second round City Region Sustainable Transport Settlement (CRSTS2) published indicative allocation of £978m.</p> <p>Cabinet members were invited to ask questions or comment on the report.</p> <p>Councillor Harker, as Chair of Transport Committee, provided the following views from the Committee Members.</p> <ul style="list-style-type: none"> • Colleagues from each LA welcomed projects in their patch - there are necessary and welcome projects listed in the plan. • Members queried the development and approval of the programme in advance of TVCA receiving Government guidance over how the CRSTS2 funding can be used and the detail of the revenue and capital split. It was noted that TVCA believe demonstrating to government that there is agreement on the strategic priorities provides the opportunity to influence government in developing the guidance. Transport committee expressed concerns about the possible consequences of parts of the plan falling outside the scope of the final guidance. • Members were reassured to hear that TVCA recognise the financial positions of the LA's and there is no expectation from TVCA that LA's will have to find match funding, funding contributions or ongoing revenue contributions for the programme. It was noted that capital and revenue requirements will be considered in the business case development. Furthermore, it was acknowledged that the outcome

	<p>of business case appraisals will be reported to Cabinet and there will be ongoing monitoring and reporting.</p> <ul style="list-style-type: none"> • The additional maintenance revenue is welcomed, and desperately needed, but it will not address the maintenance backlog. Concern was expressed that the expectation from Government is that existing maintenance levels must remain the same and the new maintenance money is additional and to be spent on maintenance only. This assumption effectively means a static budget for highway improvement schemes in local authorities until the end of the CRSTS2 period. With the impact of inflation, this is effectively a reduction in spending power and a cut in budget over the term of CRSTS2. TVCA officers responded that the working assumption is that the combined CRSTS2 and maintenance funding will provide the local authorities with a significant uplift in budget. Furthermore, the CRSTS2 local authority allocation is flexible so can be spent on maintenance or improvements. • Members expressed concern about maturity and accuracy of the cost estimates and risk allowances given the impact of inflationary pressures over the long duration of the whole programme. TVCA officers responded by highlighting that the cost estimates are considered robust for the stage of project development and have been independently challenged. As projects develop further work will be done to refine cost estimates. • Despite the fact that the constitutional requirements have been met in the production of the report, the ability for LAs as part of the Combined Authority to steer, contribute and inform the formation of such an important programme and report is felt to have been poor. The Chair highlighted that the proposed transport programme delivers on the Strategic Transport Plan and builds upon the investment to date. TVCA officers added that there is a robust evidence base, which has been independently challenged, that has informed the programme. <p>The Chair reassured Cabinet members that there is no expectation from Local Authorities to fund any of the projects and that reports will be presented to Cabinet going forwards on progress.</p> <p>Councillor Bob Cook asked if Portrack Relief Road is still under consideration as part of the programme. TVCA officers confirmed that the funding allocation is to progress the A19 New Tees Crossing scheme, but that at the point when a delivery strategy is being considered, then consideration can also be given to the potential delivery of Portrack Relief Road.</p>
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Councillor Alec Brown stressed the importance of connectivity in East Cleveland and highlighted that previous feasibility work had been done on the East Cleveland rail project. TVCA officers highlighted that previous work was desktop in nature and did not go into the required level of detail on deliverability and cost. It was highlighted that the funding allocation is for feasibility work only, which would provide the required level of detail to enable an informed future decision.

Councillor Stephen Harker queried the next stage of work on Darlington Northern Link Road, including the preferred route alignment. TVCA officers and the Mayor highlighted that previous work had identified a preferred route alignment, but that the assumptions that led to this conclusion will need to be revisited given the time that has elapsed since the work was completed. Councillor Stephen Harker then asked about prioritisation across the programme. The Mayor responded by saying that the necessary development work would be progressed on all projects and the intention was to deliver the programme in its entirety. It was noted that the regular reporting into Cabinet will provide members with an overview on the programme as it develops.

Mayor Chris Cooke commented that it would have been helpful to see the detail on the A19 New Tees Crossing. The Mayor responded that local authority officers already have this detail and the report is intended to provide a summary for Cabinet.

Councillor Mike Young offered his support for the programme and welcomed the level of investment.

The Chair thanked officers from all the Local Authorities for their constructive interaction with the process and commented that he was pleased to see Local Authority Leaders at the public consultation event.

Siobhan McArdle commented that the Business Board welcomed the inclusivity of the programme as connecting people to employment and other opportunities was critical.

It was highlighted that the Freeport Board had sought confirmation that the South Bank scheme includes the entrance to the Freeport, including road improvements, access and parking. It was confirmed that the scheme does include those elements.

RESOLVED that Cabinet:-

- i. Approved the proposed transport programme totalling £1bn, as detailed in paragraph 12, to be delivered with the second round City

	<p>Region Sustainable Transport Settlement (CRSTS2) indicative allocation of £978m.</p> <p>ii. Delegated authority to the Director of Infrastructure to take all decisions required to progress delivery of business cases for each project within the approved funding allocations. In accordance with the Tees Valley Assurance Framework, the approval of business cases is delegated to the Tees Valley Combined Authority Chief Executive, in consultation with the Tees Valley Management Group, and the Tees Valley Combined Authority Section 73 Officer and Monitoring Officer.</p> <p>iii. Noted that the outcome of all business case appraisals will be reported to Cabinet and there will be a twice-yearly update report to Cabinet and Transport Committee on the programme.</p> <p>iv. Noted that where an individual project cannot be delivered within the funding allocation set out in this report or the business case does not demonstrate value for money, then this will be reported back to Cabinet for a decision on how to proceed.</p>
<p>TVCA 34/2023</p>	<p>Members of the public submitted questions in advance of the meeting and these questions, along with answers, are published on TVCA's website</p>
	<p>DATE OF NEXT MEETING</p> <p>TBC</p>