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## TEES VALLEY COMBINED AUTHORITY CABINET

Cavendish House, Teesdale Business Park, Stockton-On-Tees at 10.00am on  
Thursday 23<sup>rd</sup> November, 2017

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### **ATTENDEES**

#### **Members**

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 Local Enterprise Partnership

#### **Associate Members**

Darren Hankey	Member of Tees Valley LEP
Angela Howey	Member of Tees Valley LEP
David Soley	Member of Tees Valley LEP
Graham Robb	Member of Tees Valley LEP
Alistair Hudson	Member of Tees Valley LEP
Professor Paul Croney	Member of Tees Valley LEP
Albert Pattison	Member of Tees Valley LEP

#### **Apologies for Absence**

Jerry Hopkinson	Member of Tees Valley LEP
Mike Matthews	Member of Tees Valley LEP
Nigel Perry	Member of Tees Valley LEP
Siobhan McArdle	Member of Tees Valley LEP

#### **Officers**

Tony Parkinson	Chief Executive, Middlesbrough Borough Council
Julie Danks	Deputy Chief Executive, Stockton-on-Tees Borough Council
Ian Williams	Director of Economic Growth, Darlington Borough Council
Andrew Nixon	Monitoring Officer, Tees Valley Combined Authority
Andrew Lewis	Managing Director, Tees Valley Combined Authority
Sarah Brackenborough	Governance Manager, Tees Valley Combined Authority
Julie Gilhespie	Director of Finance, Tees Valley Combined Authority
Sarah Tennison	Innovation and Technology Manager, Tees Valley Combined Authority
Shona Duncan	Head of Education, Employment and Skills, Tees Valley Combined Authority

<p><b>TVCA 36/17</b></p>	<p><b>DECLARATIONS OF INTEREST</b></p> <p>Graham Robb declared an interest, as Senior Partner of Recognition PR, as a procured provider of publicity services to the Combined Authority.</p> <p>Councillor Dixon declared an interest in agenda item 12 as Leader of Darlington Borough Council.</p> <p>Graham Robb declared an interest in agenda item 12 as owner of a business operating within the area of the project.</p> <p>Mayor Budd declared an interest in agenda item 13 as Mayor of Middlesbrough.</p> <p>Professor Paul Croney declared an interest in agenda item 13 as Vice Chancellor of Teesside University.</p> <p>Paul Booth declared an interest agenda item 13 as a member of the Board of Governors of Teesside University.</p>
<p><b>TVCA 37/17</b></p>	<p><b>MINUTES</b></p> <p>Consideration was given to the minutes of the meeting held on 29<sup>th</sup> September 2017.</p> <p>RESOLVED that the minutes of the meeting held on 29<sup>th</sup> September be confirmed and signed as a correct record.</p>
<p><b>TVCA 38/17</b></p>	<p><b>ANNOUNCEMENTS FROM THE CHAIR</b></p> <p>The Chair welcomed the announcements in the Chancellor’s budget on 22<sup>nd</sup> November for £123 million for the South Tees Development Corporation and £59 million for the Tees Valley from the Transforming Cities Fund. He thanked the Cabinet members for the hard work that had gone in to these areas of work.</p>
<p><b>TVCA 39/17</b></p>	<p><b>MANAGING DIRECTOR’S UPDATE</b></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>Councillor Akers-Belcher requested that the delivery models for the Routes to Work Programme be considered by Cabinet. This was agreed.</p> <p>The Cabinet discussed the £123 million that had been announced for the South Tees Development Corporation in the Chancellor’s budget the day prior to the Cabinet meeting. Councillor Jeffrey and Mayor Budd challenged the breakdown of the funding, and its additionality. In response, the Chair stated that the announcement was a new commitment of funding and was made up of approximately £68 million for the safe management of the site itself for the next 4 years, around £50 million for remediation to bring forward sites for development, and £5 million to support the work of the Development Corporation itself.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. That the Routes to Work Programme be brought to a Cabinet meeting for consideration; and</li> </ul>

	<p>ii. The Managing Director's update be noted.</p>
<b>TVCA 40/17</b>	<p><b>BUDGET 2018/19 AND INVESTMENT PLAN</b></p> <p>Consideration was given to a report detailing the Combined Authority's proposed draft Budget for 2018/19 and proposed revisions to the Investment Plan. The Combined Authority is required to set out its Budget on an annual basis, and to consult publicly before its submission to Cabinet. The Authority is also committed to review the Investment Plan, previously agreed in March 2017, in the light of new developments including the election of the Tees Valley Mayor. Together the Budget and Investment Plan provide the financial framework within which the Combined Authority will operate in the forthcoming financial year (2018-19) and over the medium-term.</p> <p>It was requested that Annex B be expanded to include projects in the pipeline.</p> <p>The draft Budget would be published to open the period of consultation for stakeholders and the public. The Budget and Investment Plan would come back to Cabinet in February 2018 for approval on the terms set out in the constitution.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. The draft Budget and refreshed Investment Plan be noted;</li> <li>ii. Amendments be made to reflect new funding announcements from the Chancellor's Budget, and other matters raised in the Cabinet discussion;</li> <li>iii. Publication of the Budget in draft for public comment, and to actively seek views from stakeholders, be agreed.</li> </ul>
<b>TVCA 41/17</b>	<p><b>BUDGET 2017/18 – QUARTER 2</b></p> <p>Consideration was given to a report detailing the Combined Authority's financial position for the period ending 30<sup>th</sup> June 2017.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. The position on the Core Budget and General Reserve balance be noted.</li> <li>ii. The changes and updated Resource position at Appendix A be noted.</li> <li>iii. The allocations from the Development Fund and remaining balance identified in Appendix B be noted.</li> <li>iv. The position on SSI Task Force funding be noted.</li> <li>v. The position on the appointment of external auditors from 2018/19 be noted.</li> </ul>
<b>TVCA 42/17</b>	<p><b>EDUCATION, EMPLOYMENT AND SKILLS STRATEGY</b></p> <p>Consideration was given to a report, titled "Inspiring Our Future" detailing the proposed Education, Employment &amp; Skills Strategy for the period 2017-2021.</p>

	<p>The Cabinet welcomed the strategy and commented that it was an excellent basis to start the consultation period. The associate members for Teesside University, Professor Paul Croney, and Middlesbrough Institute of Modern Art (mima), Alistair Hudson, offered further assistance during the period of consultation. It was also suggested that the period of consultation be extended to allow more time for comment.</p> <p>The document would be published for a period of consultation, and a final document presented to Cabinet in February 2018.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. The Strategy be approved and publication for a period of consultation be agreed;</li> <li>ii. The period for consultation be extended until Friday 19<sup>th</sup> January.</li> </ul>
<p><b>TVCA 43/17</b></p>	<p><b>ADULT EDUCATION BUDGET</b></p> <p>Consideration was given to a report updating Cabinet on proposals for devolution of the Adult Education Budget from Autumn 2019.</p> <p>The Cabinet expressed their disappointment in the delays with the devolution of the budget and agreed that a letter be sent to the Department for Education from the Tees Valley Combined Authority outlining their concern.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. The Government’s commitment to implement devolution from 2019, rather than 2018, and discussions to establish an appropriate transition arrangement for 2018-19 be noted;</li> <li>ii. The Combined Authority should secure an effective transition arrangement for 2018-19; which secures as much flexibility as possible over priorities for adult skills, strengthens genuine influence, and supports an effective lead into full devolution from 2019;</li> <li>iii. The establishment of arrangements to maximise the influence of the Combined Authority and its partners during 2018-19 be delegated to the Managing Director, in consultation with the Mayor and Portfolio Holder for Education, Employment and Skills;</li> <li>iv. A letter is sent to the Department for Education from the Tees Valley Combined Authority, expressing disappointment about the delay in devolution.</li> </ul>
<p><b>TVCA 44/17</b></p>	<p><b>INTERMEDIATE BODY STATUS FOR TEES VALLEY COMBINED AUTHORITY</b></p> <p>Consideration was given to a report seeking agreement for Tees Valley Combined Authority to become an Intermediate Body for European Structural and Investment Funds from November 2017. A Memorandum of Understanding will be signed between the Combined Authority and the Managing Authorities to formalise the transfer of powers.</p>

	<p>It was noted that since the publication of the report, the necessary sign-off had also been received from the Department for Work and Pensions for the European Social Fund element.</p> <p>The Mayor and Councillor Jeffrey requested that they be consulted on the Memorandum of Understanding delegated to the Managing Director at recommendation (iii).</p> <p>RESOLVED that:</p> <ol style="list-style-type: none"> <li>i. Tees Valley becomes an Intermediate Body from November 2017;</li> <li>ii. Responsibilities and working arrangements set out in paragraphs 11-13 of the report form the basis of a Memorandum of Understanding between the Combined Authority and the Managing Authorities (Department for Communities and Local Government and Department for Work and Pensions for ERDF and ESF respectively);</li> <li>iii. Responsibility for agreeing the Memorandum of Understanding with the Managing Authorities is delegated to the Managing Director, in consultation with the Mayor and Portfolio holder for Investment.</li> </ol>
<p><b>TVCA 45/17</b></p>	<p><b>MARY NEY LEP REVIEW</b></p> <p>Consideration was given to a report summarising the outcome of the recently published “Review of Local Enterprise Partnership Governance and Transparency”, led by Mary Ney, Non-Executive Director, DCLG Board.</p> <p>Councillor Jeffrey requested that the declarations of interest guidance be reviewed to ensure that the guidelines on interest for public sector members, where there was a commercial interest with the Combined Authority, did not undermine their role as elected members representing their communities.</p> <p>RESOLVED that:</p> <ol style="list-style-type: none"> <li>i. The conclusions of the Mark Ney review be noted;</li> <li>ii. The fact that the Combined Authority meets or exceeds the standards required as a Local Enterprise Partnership be noted;</li> <li>iii. Implementation of procedural changes to conflicts of interest recording, and whistleblowing policy, to ensure the Tees Valley remains fully compliant with national best practice be agreed.</li> <li>iv. That the Managing Director review the declarations of interest guidelines, to ensure that best practice was followed, and the role of elected members is properly reflected.</li> </ol>
<p><b>TVCA 46/17</b></p>	<p><b>INVESTMENT UPDATE AND PROJECT APPROVAL(S)</b></p> <p>This item was exempt and therefore the Chair asked any press and members of the public to leave the room.</p> <p>Consideration was given to a report updating Cabinet on progress with delivery of the Investment Plan and to seek approval in respect of £1.7 million additional</p>

	<p>Combined Authority funding for the Salters Lane (Ingenium Park) Phase 1 project in Darlington.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. Progress to date with the delivery of the Investment Plan, including levels of funding currently committed and in the pipeline be noted;</li> <li>ii. Subject to the satisfactory completion of due diligence under the Assurance Framework, the allocation of additional funding for the Salter's Lane (Ingenium Park) Phase 1 project in Darlington be approved.</li> </ul>
<p><b>TVCA 47/17</b></p>	<p><b>DISTRICT HEATING</b></p> <p>This item was exempt and therefore the Chair asked any press and members of the public to leave the room.</p> <p>Consideration was given to a report providing an update on the proposal for a significant District Heating system, initially focused on Middlesbrough town centre, and connecting the James Cook Hospital and Teesside University. The Combined Authority has now completed an Outline Business Case for the project.</p> <p>RESOLVED that:</p> <ul style="list-style-type: none"> <li>i. progress in developing the Middlesbrough District Heating project be noted;</li> <li>ii. that the Combined Authority should negotiate and enter into Memoranda of Understanding with the key energy off-takers (the Hospital Trust and University) to confirm intention to off-take (subject to commitment on price) be agreed;</li> <li>iii. that the Combined Authority should negotiate and enter into an "in principle" supply agreement with the owner of the anaerobic digestion plant to agree terms for the supply of heat and electricity to inform the Project going forward be agreed;</li> <li>iv. that, in principle, if a business case can be proved, and investment can be funded by the Combined Authority's borrowing powers without impact on other investment priorities, the Combined Authority would be prepared to be an investor in the Project be agreed;</li> <li>v. the level of investor interest, alongside the Combined Authority, while retaining a significant degree of public sector control be gauged;</li> <li>vi. an allocation from the Combined Authority's Development Fund to support the next (pre-procurement) phase of the project, and to seek contributions from other partners and from central government, up to a total value of £500k be delegated to the Managing Director.</li> </ul>
<p><b>TVCA 48/17</b></p>	<p><b>DATE OF NEXT MEETING</b></p> <p>The next meeting would be on Thursday 21<sup>st</sup> December 2017.</p>

