

## Tees Valley Combined Authority Agenda

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**Date:** Tuesday, 7<sup>th</sup> June, 2016\* (\* to commence immediately following the conclusion of the Annual Meeting which commences at 12.00 noon)

**Venue:** Legends Lounge, Middlesbrough Football Club,  
Riverside Stadium, Middlesbrough, TS3 6RS

### Membership:

Councillor Bill Dixon (Leader of Darlington Borough Council)  
Councillor Christopher Akers-Belcher (Leader of Hartlepool Council)  
Mayor David Budd (Mayor of Middlesbrough Council)  
Councillor Sue Jeffrey (Leader of Redcar and Cleveland Borough Council)  
Councillor Bob Cook (Leader of Stockton-on-Tees Borough Council)  
Paul Booth (Chair of Tees Valley Local Enterprise Partnership)

### Associate Membership:

Phil Cook (Member of Tees Valley Local Enterprise Partnership)  
Paul Cronney (Member of Tees Valley Local Enterprise Partnership)  
Ian Kinnery (Member of Tees Valley Local Enterprise Partnership)  
Alastair MacColl (Member of Tees Valley Local Enterprise Partnership)  
Naz Parkar (Member of Tees Valley Local Enterprise Partnership)  
Nigel Perry (Member of Tees Valley Local Enterprise Partnership)  
David Robinson (Member of Tees Valley Local Enterprise Partnership)  
David Soley (Member of Tees Valley Local Enterprise Partnership)  
Alison Thain (Member of Tees Valley Local Enterprise Partnership)

## AGENDA

- 1. Apologies for absence**
- 2. Declarations of interest**
- 3. Minutes**

The minutes of the meetings held on 4 April and 15 April 2016 for confirmation and signature

- 4. Announcements from the Chair**

## Tees Valley Combined Authority Agenda

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- 5. Transforming Place Through Devolution**
- 6. Culture; Place, Inclusion and Business Growth**
- 7. The Tees Valley Refreshed Strategic Economic Plan (SEP)**
- 8. Rt Hon Lord Heseltine - Devolution of Power – Verbal Update**
- 9. Forward Plan**
- \*10. Finance and Investment Funds Update**

\* = Appendix A to the report contains exempt information

**11. Date of Next Meeting**

Tuesday, 19 July 2016 at 2.00pm

## Tees Valley Combined Authority Agenda

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### 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: Peter Bell – 01642 526188 – [peter.bell@stockton.gov.uk](mailto:peter.bell@stockton.gov.uk)

### Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in paragraphs 9 and 11 of the Tees Valley Combined Authority's (TVCA) code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the TVCA he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the Member's financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the Member or any person described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a Member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code).

### **Disclosable Pecuniary Interests**

It is a criminal offence for a Member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted)(**paragraph 20** of the code).

Members are required to comply with any procedural rule adopted by the TVCA which requires a Member to leave the meeting room whilst the meeting is discussing a matter in which that Member has a disclosable pecuniary interest (**paragraph 21** of the code).

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## TEES VALLEY COMBINED AUTHORITY BOARD

Meeting held at The Curve at 11.00am on Monday, 4<sup>th</sup> 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 7<sup>th</sup> 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.

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## TEES VALLEY COMBINED AUTHORITY BOARD

Friday, 15<sup>th</sup> 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 Bob Cook	Leader of Stockton-on-Tees Borough Council	SBC
Paul Booth	Chair of Tees Valley LEP	LEP

#### Apologies for absence

Councillor Christopher Akers-Belcher	Leader of Hartlepool Borough Council	HBC
Mayor David Budd	Mayor of Middlesbrough Council	MBC
Phil Cook	Member of Tees Valley LEP	LEP
Paul Croney	Member of Tees Valley LEP	LEP
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David Robinson	Member of Tees Valley LEP	LEP
David Soley	Member of Tees Valley LEP	LEP
Alison Thain	Member of Tees Valley LEP	LEP

#### Officers

Peter Bell	Stockton-on-Tees Borough Council	SBC
Rebecca Brown	Stockton-on-Tees Borough Council	SBC
Jonathan Nertney	Deputy Monitoring Officer (Stockton-on- Tees Borough Council)	SBC
Mike Robinson	Chief Executive of Middlesbrough Council	MBC

Action

### TVCA DECLARATIONS OF INTEREST

15/16 There were no interests declared.

**TVCA 16/16 APPOINTMENT OF STATUTORY OFFICER – HEAD OF PAID SERVICE**

Consideration was given to a report on the appointment of the Head of Paid Service for Tees Valley Combined Authority (TVCA) in accordance with paragraph 3 of Section 4.4 of the TVCA Constitution. The report set out a summary of the recruitment and selection process which had been undertaken and made a recommendation for appointment.

A recruitment process to identify a Head of Paid Service for TVCA was initially started in early autumn 2015. The aim being to identify a successor for Mr Stephen Catchpole (MD of TVU) who would take over following Mr Catchpole's planned retirement on 31/3/2015. However, the initial process was paused In November 2015 to allow time for consideration of the Devolution Deal and to reassess requirements in the light of the deal.

A new selection process was begun in January 2016. This process involved:

- a. A comprehensive search process using Recruitment Consultant's Gatenby Sanderson. The Search was supported with national and local advertising and attracted a high number of applications.
- b. The selection process had then involved a comprehensive process of shortlisting based on reviews of applications, references, personality profiling and initial interviews.
- c. This process culminated in a final selection process on 7 April 2016 which involved a final assessment of candidates by members of the TVCA Board, a panel of business representatives, a panel of public sector and LEP representatives and a panel of the Local Authority Chief Executives.

The final stage in the process was the formal approval of the appointment from the TVCA Board in line with the requirements as set out in para 3 of Section 4.4 of the TVCA Constitution.

RESOLVED that Mr Andrew Lewis MA(Cantab) MPhil (Oxon) FRSA be appointed Head of Paid Service.

## **AGENDA ITEM**

### **REPORT TO THE TEES VALLEY COMBINED AUTHORITY**

**7 JUNE 2016**

### **REPORT OF NEIL SCHNEIDER, CHIEF EXECUTIVE, STOCKTON BOROUGH COUNCIL**

## **TRANSFORMING PLACE THROUGH DEVOLUTION – SUPPORTING PAPER**

### **SUMMARY**

The presentation 'Transforming Place through Devolution' sets out exciting and ambitious plans for the housing and planning aspects of the devolution deal within the context of Tees Valley, outlining how the plans have the potential for a game changing approach to place across the Tees Valley in supporting economic growth. The ambitions within the plans are to:

- Maximise the use of land across Tees Valley for economic development and housing
- Inject certainty, pace and confidence
- Create a potential £1bn 10-year rolling recoverable equity investment fund through the flexible use of existing Government funding and local resources
- Deliver 20,000 plus homes by 2026
- Establish a housing offer that matches economic growth and prosperity and attracts the required inward migration of skills
- Revitalise the urban core, town centres and brownfield sites
- Regenerate and renew areas of low demand, poor quality and deprivation
- Nurture a more diverse market for house-building and development, including the growth of the SME sector
- Create / grow an off-site manufacture sector on Tees Valley
- Leverage private sector investment in excess of £3bn for housing and place in the next 10 years
- Accelerate housing and development activity to secure and create jobs, estimated at 50,000 plus jobs over 10 years for 20,000 homes

This supporting paper sets out the approach, progress to date and next steps within the project plan for this work.

### **RECOMMENDATIONS**

It is recommended that the Tees Valley Combined Authority:

1. Note the significant potential that the housing aspects of the devolution deal offers in terms of the transformation of place in supporting economic growth.
2. Agree the approach, progress to date and planned project timelines
3. Establish a Steering Group with a remit to oversee the programme of work, to be chaired by the appropriate portfolio holder from the Combined Authority.
4. Agree the proposed forward plan for the Combined Authority as set out in paragraph 8.1.
5. Agree the proposed budget allocation to be available to support the work programme as set out in section 7.0 and as included within the Finance and Investment Funds Update report (Recommendation 5):
6. Support the proposal to request DCLG funding to support specific aspects of the work programme.

## DETAIL

### 1. PROJECT PLAN – APPROACH, PROGRESS TO DATE AND NEXT STEPS

- 1.1 The Tees Valley Devolution Deal announced in October 2015 provided for a number of key policy areas including governance, finance, skills, transport, business support, energy, climate change, housing, planning and culture. In taking forward each of the policy areas within the deal a number of work-streams were established one of which was Place, which included housing and planning.
- 1.2 A work-stream plan for Place was prepared and endorsed by the Tees Valley Combined Authority Management Group (TVCAMG) and Local Authority Directors of Place in November 2015 and the Tees Valley Combined Authority (TVCA) and Devolution Governance Group in December 2015. Progress updates on the work-stream are being reported through the overall programme management arrangements for the combined authority and devolution implementation.
- 1.3 The Place work-stream plan includes the policy areas of housing and planning and includes:
- The establishment of a Land Commission;
  - The power to create democratically controlled Mayoral Development Corporations;
  - The continued exploration of the devolution of housing financial transaction funding.
- 1.4 In addition, the Place work-stream is considering sector capacity and has plans to support stakeholder engagement and communications.
- 1.5 This paper outlines the approach, progress to date and next steps in each of the areas within the project plan. See **Appendix A** for headline project plan.

### 2. LAND COMMISSION

- 2.1 The key focus of the Land Commission will be on the landholdings of Government departments and their agencies. The Land Commission will be accountable to the Tees Valley Combined Authority and will operate in an advisory capacity, making recommendations as appropriate. If there is to be any delegation of decision making powers these will need to be agreed in advance by the Combined Authority. In establishing the Land Commission, the overall aim is to maximise the use of brownfield and surplus public sector land for the economic growth of Tees Valley. This may include removing barriers to bring forward public land for development, identifying land that may be better brought forward through devolved mayoral development corporation powers and reinvesting receipts from the sale of public land in Tees Valley.
- 2.2 Nationally, London has already established a Land Commission and Manchester is progressing with plans to establish one by the summer. As an example, **Appendix B** outlines the arrangements for London including membership, terms of reference and governance and also the development plans for Manchester.
- 2.3 In establishing a Land Commission for Tees Valley a brownfield and surplus land register will be required. Work is progressing well in creating the register. Work has now been completed to review existing data sources and develop proposals for the creation of a Tees Valley brownfield and surplus public sector land register. Following agreement by TVCAMG work is now commencing on next phase which is to create the land register in advance of the Land Commission being established. The aim is to have the land register completed by September 2016 in advance of any inaugural meeting of the Land Commission. The work on the land register continues to have significant involvement of

individual LAs and TVCAMG and we are in discussion with DCLG regarding their role in 'facilitating' the engagement of Government departments and their agencies.

- 2.4 For the Land Commission to commence in autumn 2016 work needs to be undertaken to establish arrangements for terms of reference, membership, governance and resources. This is a collaborative piece of work with DCLG. It is planned to present proposals/options and recommendations for terms of reference, membership, governance and resources to the August 2016 meeting of the TVCA.

### **3. DEVOLUTION OF HOUSING FUNDING**

- 3.1 The devolution of housing funding is an innovative and ambitious piece of work that aims to develop a funding and investment proposition for housing, regeneration and development in support of the area's economic growth and ambition for place. The aim is to inject long-term certainty and pace, creating the right investment environment to maximise development growth opportunities whilst tackling long-standing issues of brownfield land and poor quality housing.
- 3.2 Outline proposals have been developed for a Tees Valley equity based investment vehicle to create the conditions to support the devolution of housing financial transaction funding. The emerging outline concept has been subject to discussions with key stakeholders including DCLG, BIS, HCA, the Tees Valley Registered Providers, TVUMG, the Home Builders Federation and CITB. These discussions have gone very well and there is significant interest in what is seen as an innovative solution to housing and the development of place in support of economic growth.
- 3.3 The next stage of development will require detailed joint work with DCLG, HM Treasury, BIS, HCA, Registered Providers and the private sector on preparing the detailed investment proposal. This work will include option appraisal work on, structuring the vehicle, governance, investment pipeline modelling, sensitivity analysis and attracting funding/investment. Investment expertise is required at this stage to support the technical development of the proposal. It is planned to develop a full business case between June and December 2016. An update on progress would then be presented to the October 2016 meeting of the TVCA, with final proposals for decision being presented to the December 2016 meeting.

### **4. POWERS FOR MAYORAL DEVELOPMENT COPRORATIONS**

- 4.1 Powers for the TVCA/Mayor to create mayoral development corporations should be passed through the legislative process in the summer. Exploring the potential to use those powers is work that will be undertaken early in 2017 in preparation for a decision by the newly elected Mayor and Combined Authority in May. The case for establishing a MDC will also depend on the recommendations of the Land Commission regarding site or sites that may be appropriate for such a vehicle.
- 4.2 The detailed work regarding Mayoral Development Corporations is intentionally phased towards post-2016 as there are a number of critical dependencies, including Land Commission outcomes, the outcome of devolution discussions on housing financial transaction funding, the Tees Valley Housing Strategy & Action Plan, and the Mayoral election in May 2017.
- 4.3 Therefore, the business case for mayoral development corporations will be timed so that recommendations can be made to the CA and elected Mayor in May 2017, with a potential MDC being established summer/autumn 2017 (detailed work to commence around Nov 2016).

4.4 It should be noted that the TVCA (Shadow Board) agreed on 11 March 2016 that the proposed South Tees Mayoral Development Corporation for the SSI site will be progressed as a separate project and is outside the scope of this work-stream. As agreed, the purpose of this work-stream is to explore the potential for using MDC powers across the rest of Tees Valley.

## 5. **SECTOR CAPACITY**

5.1 The emerging plans indicate that sector capacity will be a critical issue in the ability to meet growth and development ambitions. In housing alone, it is estimated that Tees Valley needs to build 25% more in the next ten years than it has in the past ten. In a sector already facing a skills and capacity shortage this has significant implications, but also presents significant opportunities. The 22,000 new homes needed in ten years equates to over 50,000 jobs.

5.2 The supplier and skills market needs to be nurtured to increase capacity, SME developers decimated at last recession have not yet recovered, registered providers need to find new ways to build homes, volume builders need to be incentivised to build a greater pace, small infill to large sites are all critical to supply.

5.3 Working collaboratively with key stakeholders including the private sector and registered providers the sector capacity work is evaluating gaps and opportunities in the following areas:

- Skills & Jobs
- SME Developers
- Major House Builders
- Registered Providers
- Off-Site Manufacturing

5.4 It is planned to present the sector capacity gap analysis, findings and recommendations to the December 2016 meeting of the Combined Authority.

## 6. **ENGAGEMENT AND COMMUNICATIONS**

6.1 Realising the ambitions of the Combined Authority and devolution requires collaborative working with many different stakeholders. The current programme management arrangements ensure the engagement of TVCA Management Group, TV Chief Executives and the Combined Authority in the work programme.

6.2 To ensure the engagement of key partners there is ongoing active engagement (newsletters, briefings, meetings and workshops), including work with DCLG, BIS, the Home Builders Federation (representing private sector developers), the Construction Industry Training Board (CITB), the Tees Valley Registered Providers (Thirteen, Coast & Country, North Star), the National Housing Federation, the Homes & Communities Agency and individual local authorities. Plans are also in place to establish links with the newly established Construction Alliance Network North East.

6.3 Dialogue is taking place with a number of these key stakeholders to identify shared and complementary objectives with a view to establishing Memorandums of Understanding that set out how we can work together in realising the ambitions for devolution, place and economic growth.

6.4 It is planned to present proposals regarding establishing Memorandums of Understanding with key partners to the August 2016 meeting of TVCA.

## 7.0 RESOURCES

7.1 The aim is to resource as much of the work programme from within the existing capacity of the five authorities. However, due to constraints on available capacity and the need for specific skills and experience additional support is required. To date additional support has been commissioned on the preparatory work for the Land Commission, undertaking the necessary work to establish the Tees Valley brownfield and surplus public sector land register. In addition, technical expertise is required to support the development of the equity investment model. In the absence of an agreed Combined Authority budget for such requirements interim arrangements have been agreed for the funding of the preparatory work for the Land Commission, the five local authorities are making a shared contribution to costs.

7.2 As the work programme moves towards more detailed work the need for additional resources and specific skills and expertise is increasing. Areas where there are additional resource requirements for the work programme include:

- Support to develop option for an equity investment model
- Off-site manufacture
- Construction skills capacity
- SME sector analysis
- Private rented sector study
- Affordability and social housing policy development
- Housing market intelligence – both supply and demand side
- Future housing needs (aligned to SEP)
- One Public Estate (and possible application for funding support)
- New development / growth pipeline / investment
- Existing stock and investment options

7.3 It is proposed to establish a £100k budget for this work programme subject to agreement of the Finance and Investment Funds Update report (Recommendation 5). Agreement will be reached with TVCA Management Group prior to individual pieces of work being commissioned.

7.4 On a final point, with London receiving DCLG funding for work related to its Land Commission, it is proposed to request funding support from DCLG to contribute to our work programme.

## 8. FORWARD PLAN

8.1 The table below outlines the proposed forward plan for Combined Authority meetings.

<b>Report</b>	<b>Purpose</b>	<b>Meeting</b>
Recommendations for the Land Commission terms of reference, membership, governance and resources	For decision	August 2016
Recommendations for Memorandums of Understanding with key partners	For decision	August 2016
Update on Land Commission, equity investment vehicle and sector capacity	For information	October 2016
Devolution of housing funding, equity investment vehicle full proposal	For decision	December 2016
Sector capacity gap analysis, findings and recommendations	For decision	December 2016

## 9. FINANCIAL IMPLICATIONS

It is proposed to establish a £100k budget for this work programme subject to agreement of the Finance and Investment Funds Update report (Recommendation 5).

## 10. LEGAL IMPLICATIONS

None

## 11. RISK ASSESSMENT

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

## 12. CONSULTATION

Dialogue will continue with key partners as identified in section 6.2.

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**Telephone No. 01642 393939**

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### Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Tees Valley Combined Authority's (TVCA) code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the TVCA he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business: -

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

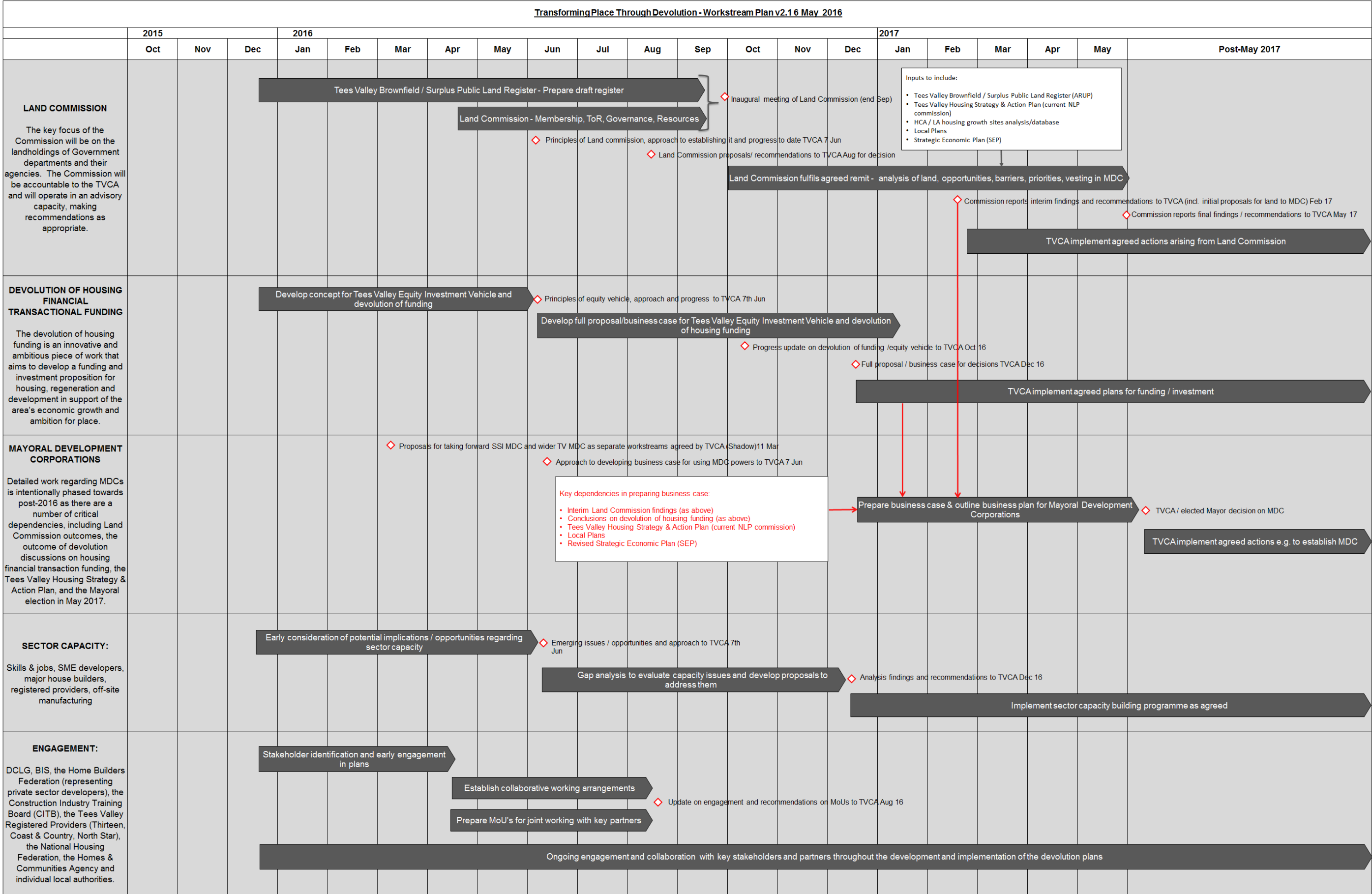
### Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 20** of the code.

Members are required to comply with any procedural rule adopted by the TVCA which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 21** of the code).



HEADLINE PROJECT PLAN



**LONDON LAND COMMISSION**

On 20 February 2015, the Chancellor and Mayor announced the establishment of a London Land Commission to identify public sector, and other brownfield land, for development to contribute to the delivery of over 400,000 new homes on brownfield land by 2025.

Members of the London Land Commission:

- Boris Johnson MP, Mayor of London (Chairman)
- Brandon Lewis MP, Minister of State for Housing and Planning (Co-Chairman)
- Rt Hon Greg Clark MP, Secretary of State for Communities and Local Government
- Sir Steve Bullock, Mayor of Lewisham (for London Councils)
- Richard Blakeway, Deputy Mayor for Housing and Land, GLA
- David Williams, Director General, Finance, Commercial and NHS, Department for Health
- Anne Rainsberry, Director, NHS England
- Michelle Dix, Managing Director, CrossRail 2, Transport for London
- Bruce Mann, Finance Director, Government Property Unit
- David Biggs, Managing Director, Property, Network Rail (TBC)

The London Land Commission's remit is to:

- Develop a robust brownfield register for publically owned land, bringing together existing data and sourcing new data from public bodies in London.
- Establish a strategy for prioritising public land release (around transport nodes and within Housing Zones and Opportunity Areas)
- Explore opportunities for collaboration and changes to improve procurement activities to accelerate new housing supply
- Develop a capital investment programme to incentivise land release and target investment to unlock housing around infrastructure

Governance and structure:

- This will be a new Commission, led by the GLA.
- The Commission will be driven by its Board, Co-chaired by the Mayor and the Housing Minister and which will meet on a quarterly basis.
- The Board will be a policy advisory group providing oversight on the implementation of the London Land Commission
- The membership of the Board, including any independent representatives, will be agreed between the Mayor and Government.
- The Mayor will delegate the role of Co-Chairman to the Deputy Mayor for Housing and Land, when he is unable to act as Chairman.
- Establishment of a steering group, chaired by GLA, with representation from public landowners.

Role of the Steering group:

- To enable the London Land Commission's objectives through:
- Identifying land and property in public ownership, requiring co-operation by Government Property Unit, Departments (and their delivery bodies) and London Boroughs to share data with GLA on a quarterly basis
- Analysing data to identify priority areas for development and sites which could be advanced to come forward for development
- Agreeing standardised approach to categorisation of land and property across central and local public bodies

- Requiring surplus land or land which will or has the potential to become surplus for development to come forward
- Delivering brokering of deals between different parts of the public sector on land sales, including by identifying opportunities for coordination and disposal with privately owned land
- Assessing barriers and constraints, uses and housing capacity and interventions necessary to increase land release
- Requiring spatial mapping to highlight where a strategic approach to land, including public sector acquisitions, could unlock asset value and accelerate delivery in growth areas.
- Comprehensive approach to directing investment, through infrastructure, housing and complementing policies for improving London's health economy.
- Ensuring advice and capacity (primarily technical) is provided to drive the procurement and delivery of homes and spur economic growth across London

In setting up the Commission, Government agrees to:

- Provide existing data on central government land and their delivery bodies
- Provide existing NHS Trust / NHS Property Services data
- Participation of key departments, and exercising their influence over delivery bodies to further the Commission's objectives.

In setting up the Commission, the GLA will lead on:

- Providing Secretariat functions for the Commission
- Providing existing data on GLA / TfL /MOPAC/LFEPA/LLDC land
- Participation of boroughs to share data and identify opportunities for housing potential

The Commission would require ongoing resource & capital funding the details of which are to be agreed between DCLG, HMT and the GLA.

## **MANCHESTER LAND COMMISSION**

On 8 July 2015 the Government announced it will work with the Greater Manchester Combined Authority to create a Greater Manchester Land Commission. The Greater Manchester Land Commission will oversee the efficient utilisation of the public sector estate, creating a comprehensive database of all public sector land, identifying barriers to its disposal, and developing solutions to address those barriers to help Greater Manchester meet its goal to deliver more than 10,000 new homes per annum.

Following the decision taken by GMCA in December to establish a GM Land Commission, an initial meeting was held in January 2016 by the GM Interim Mayor, along with GMCA Members with portfolio responsibilities for Planning & Housing, Investment, and Economic Strategy, and the Minister of State for Housing, Brandon Lewis MP.

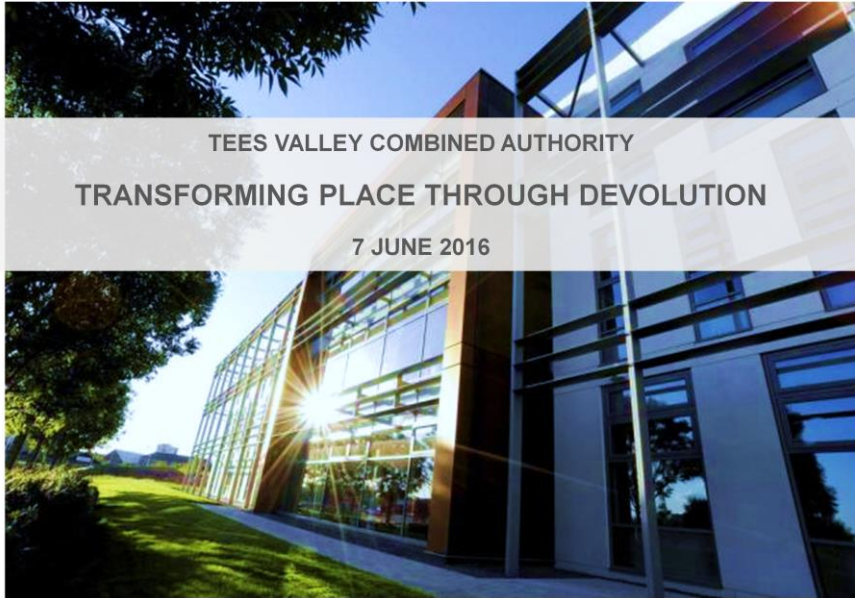
The GM Land Commission will be jointly chaired by the Interim Mayor and Minister of State and will provide greater local oversight and accountability for estates management strategies – including approaches to disposals and generation of capital receipts – across all public agencies in the conurbation.

Work is currently underway with DCLG officials to finalise the Land Commission terms of reference and membership in time for its first meeting in summer 2016.

Membership will be the subject of agreement with DCLG but will include those Combined Authority Leaders with relevant portfolios (Investment, Growth, and Housing) and senior representatives of key Government Departments and Agencies (including NHS England, HCA, and Network Rail).

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**Headline: Real opportunity for transformational approach through devolution**

This presentation sets out exciting plans for the housing and planning aspects of the devolution deal and how it might contribute to a game changing approach to place across the Tees Valley in supporting economic growth.

## Ambition for place....

- Maximise the use of land across Tees Valley for economic development and housing
- Inject certainty, pace and confidence
- Create a potential £1bn 10-year rolling recoverable equity investment fund through the flexible use of existing Government funding and local resources
- Delivery of 20,000 plus homes by 2026
- Housing offer that matches economic growth and prosperity and attracts the inward migration of skills
- Revitalisation of the urban core, town centres and brownfield sites
- Regeneration and renewal of areas of low demand, poor quality and deprivation
- More diverse market for house-building and development, including the growth of the SME sector
- Creation / growth of an off-site manufacture sector on Tees Valley
- Lever in private sector investment in excess of £3bn for housing and place in the next 10 years
- Accelerate housing and development activity to secure and create jobs, estimated at 50,000 plus jobs over 10 years for 20,000 homes

### Headline: **Offers potential for significant outcomes**

Devolution offers the potential for a game changing approach to the transformation of place across the Tees Valley

It provides the opportunity for Tees Valley to maximise the use of land for economic development and housing, inject certainty and pace, bring forward the revitalisation of the urban core and enable a much needed acceleration of housing delivery.

The powers for Mayoral Development Corporations, the establishment of a Land Commission, the devolution of housing financial transactional funding, the transport area action plan and the maximising of the cultural offer all combine to provide the potential platform for transformational change across Tees Valley in supporting our ambitions for economic growth and place.

### Potential outcomes:

- Maximise the use of land across Tees Valley for economic development and housing
- Inject certainty, pace and confidence
- Create a potential £1bn 10-year rolling recoverable equity investment fund through the flexible use of existing Government funding and local resources
- Delivery of 20,000 plus homes by 2026
- Housing offer that matches economic growth and prosperity and attracts the inward migration of skills
- Revitalisation of the urban core, town centres and brownfield sites
- Regeneration and renewal of areas of low demand, poor quality and deprivation
- More diverse market for house-building and development, including the growth of the SME sector
- Creation / growth of an off-site manufacture sector on Tees Valley

- Leverage in private sector investment in excess of £3bn for housing and place in the next 10 years
- Accelerate housing and development activity to secure and create jobs, estimated at 50,000 plus jobs over 10 years for 20,000 homes

## Attractive places....



**Headline: We have some fantastic places.... and it will be important to build on this in our ambitions for the transformation of place....**



## Some fantastic transformation...



Headline: **Excellent examples and proven track record of transformation across the Tees Valley....  
But more to do....**

More to do....to support our ambitions for place....to support our economic aspirations....to make  
Tees Valley where people want to work and live....where business wants to invest and grow....

As we will see....changes in the funding environment is making such transformation increasingly  
challenging to achieve...

We need to maximise the opportunity that devolution presents to continue the momentum already  
achieved....

## Good track record for building homes....



**Headline: Good track record building homes.... 16,630 homes built in last 10 years!... But changing funding environment making this increasingly challenging....**

We have been building new homes and regenerating low demand housing schemes...many examples of success across the Tees Valley....

2,160 of these social housing through registered providers (13%)...

The remainder, 14,470 built through the private sector (87%)....

Building has been delivered across the whole market spectrum from affordable through to aspirational....

Excellent track record in delivering good quality and at scale.... But....

Due to the Tees Valley operating in a market characterised by low returns / higher risk....past delivery comes with a historical reliance on grant and gap funding....

As we will see....changes to the funding environment and housing policy will make delivery increasingly more challenging going forward....

## Good quality existing stock....



Headline: **We have some fantastic places to live right across the housing spectrum...**

We have excellent and well established housing settlements across the Borough.... settlements that our community value and have pride in....settlements that continue to thrive....settlements where people choose to live and spend their lives....

This is across the housing spectrum....countryside villages....suburban communities....urban centres....

Across tenures....affordable housing....through to aspirational....

But, as we will see...areas of low demand...low quality...poor environment... and deprivation persist...

## But.... too much poor quality remains



**Headline: Areas of low demand.... low quality.... poor environment.... and deprivation persist!**

Across Tees Valley there are many areas where we would wish to see significant regeneration activity.... Revitalising the urban core...significantly improving the quality of housing and environment...tackling deprivation and crime....

Transforming areas of low demand into places that people choose to live rather than have no choice in living remains a priority....

It will be important that we use the opportunity of devolution to not only bring forward much needed housing supply but also tackle areas of low demand, deprivation and poor quality through regeneration and renewal...revitalising the urban core

As we progress with the development the devolution proposals it will be important to identify the priorities for regeneration and ensure that we secure the right arrangements to bring such regeneration forward...

Especially as past regeneration, some of which is shown above, has required significant levels of what is now scarce gap and grant funding....

## But.... not enough being built to support economic growth and meet need

Last 10 Years completions:	
16,630	Homes built
Next 10 Years require at least:	
22,420	Homes built
Additionality required:	
5,790	Extra homes to build
13,896	Extra Jobs
£800m	Extra Investment

**Headline: Not enough is being built to meet housing need and support economic growth.... And without different approach it won't!**

Based on existing Local Plans and Objectively Assessed Needs (OANs) it is conservatively estimated that in the next 10 years we need in excess of 22,000 homes to be built....over 2,200 per year....

If we are to meet our economic growth ambitions such housing will be critical....

This need is across the housing spectrum from affordable to aspirational.... from young people to a growing older population....

In the 6 years since 2008 the average build rate has been 1,380 per year...40% below the current need of 2,240...

Has picked up in 2015 (2,040) but need to treat with caution....still 10% below need...21% (430) was social which is almost double previous years, and due to policy changes will be very difficult to achieve going forward....the underlying picture shows a much more mixed position, also how much of this is greenfield development at the expense of brownfield sites in urban core....do we have the right balance?

HCA /LA assessment of future housing pipeline identified sites with potential for in excess of 30,000 homes over 15 years... however, much of this will not take place at scale and place without significant intervention.... There is not the grant / gap funding so we will need a different way....



## And.... the blight of brownfield persists



**Headline: Bringing forward brownfield sites offers real opportunities.... But is becoming increasingly difficult.... The demise of gap funding.... Again need new approach**

Due to significant funding requirements it is very difficult to demonstrate viability / deliverability....which within the context of 5 year supply only exacerbates the problem.... Driving development towards greenfield and the expense of the more difficult brownfield....

In the past there have been significant successes on brownfield development across the Tees Valley...however, this has required significant gap funding, especially where contamination and clean-up costs apply...

But we still have significant brownfield opportunities.... for housing....for employment....for leisure....

We need to maximise the opportunity of devolution, especially the Land Commission, housing funding, mayoral development corporations and local infrastructure plans to ensure we put in place plans to bring such sites forward...

## Challenges.... private rental sector?



**Headline: Private rental sector important part of the housing mix.... But, emergence of very poor quality in some of the urban core?**

*In the UK since 2001, the number of private rented homes has grown from 2.06m to 3.62m households (a rise of 75%)....however, so too has the number of homes which fail to meet a basic living standard. According to government figures, 1.4 million private rented homes (37%) do not meet the basic standard of being a 'decent home'.*

*Various problems bedevil privately rented homes – lack of adequate heating and insulation; damp, dangerous wiring and risky gas fittings; poor state of repair; poor glazing and were these properties within the social housing sector, they would be deemed 'unfit' under the Government's Decent Homes Standard.*

*Based on Government Analysis in 2012*

It is estimated that over 15% of the current housing stock in Tees Valley is PRS, that is approximately 45,000 homes.... at ward level some of these figures are significantly higher.... this trend continues to grow... nationally there are now more privately rented homes than socially rented!

Whilst a functional PRS market is an important aspect to the housing offer in supporting economic growth it needs to be a balanced offer.... Anecdotally, a picture is emerging of a dysfunctional PRS market developing in the areas of low demand, particularly in the urban core...

With the potential on-going reductions in good quality affordable rental properties from registered providers, further exacerbated by the voluntary right to buy....there is the risk that more people will enter this growing sub-market PRS as a housing option of last resort....impacting on community vitality / sustainability...

There is the real potential to use devolution to maximise regeneration, choices and home ownership opportunities in such areas....to offer alternative to worst of the PRS....to support the development of the "right" PRS market. There is a need for research in this area to get a better understanding of the PRS market...

## Gap....predominantly sales-led housing development that will not meet all need



YOU CAN MOVE TO A  
LIGHT AND AIRY  
NEW HOME WITH  
JUST A 5% DEPOSIT

NEW IS FOR EVERYONE

FIND OUT MORE ▶

BARRATT  
HOMES

**Headline: Almost 40% of Tees Valley people live in rented accommodation, yet almost 90% of new build is for home ownership.... this supply model will not meet all housing need or fully support economic growth.... we need 'whole market' intervention and devolution deal offers the opportunity.... if we don't the gap in our housing offer will get bigger**

A predominantly sales-led housing supply is impacting on:

- sufficiency of 'whole market' supply, where almost 40% is rent....
- where housing is being built, especially making it more difficult in the urban core and on brownfield land....
- pace of supply....

In broad terms the current housing market on Tees Valley is just over 60% owner occupier and reaching 40% rental (both social and private).

However, housing supply is very different... the average in the last 10 years has been around 87% private build (which on Tees Valley is predominately for the sales market) and only 13% in the social rented sector....

Whilst we have significant demand in the PRS market across Tees Valley we do not build at scale for that market....

The volume house builders are responsible for a significant amount of new build supply...by and large they determine the scale and pace at which housing is developed....however they tend to build at a pace that matches ability to sell....in this sense they are often accused of drip feeding the market to maintain sales prices, land banking, sitting on existing planning permissions, etc...The reality is often more complex than that but it is important to recognise that the volume house-builders are mainly interested in the sales market and as Tees Valley has generally a weaker market with lower values and returns then they are selective as to where to build and at what pace.... they are in the business of selling houses not meeting the housing needs of the Tees Valley...



The volume house builders will continue to build for sale housing....and Government interventions will continue to increase access to finance so that more people can buy... however, the underlying trend for the rental market is likely to continue as factors other than affordability and mortgage accessibility are at play...e.g. lifestyle choice..

We therefore need to consider devolution not just within the context of supporting the acceleration of building homes for sale, but also the increasing trend for the rental market as housing of choice...'whole market intervention' in support of economic growth....

## Govt. policy.... almost entirely aimed at home ownership with inflexible funding



Homes &  
Communities  
Agency

**NATIONAL RECOVERABLE INVESTMENT FUNDS:  
£5.39 BILLION**

**TEES VALLEY NOT SECURED ANY OF IT YET!**

**Headline: Current Government Policy will make the housing position worse if we don't secure funding flexibility.... Yes we want to accelerate supply and increase home ownership.... But we need a different way of doing it in market that is characterised by lower returns and higher risk.... We must address the supply needs of the whole housing market, including the rental market, and this requires a locally tailored approach!**

We are asking that Government recognise that for national funding programmes one size does not necessarily fit all....

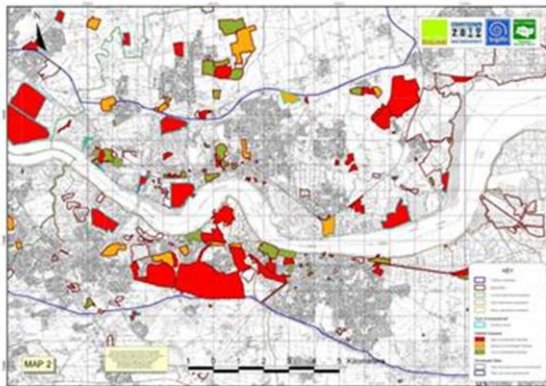
We can achieve the same policy outcomes with funding tailored to local circumstances...e.g. increase homeownership / accelerate supply... but we need for flexibility in how we achieve them....

For example, HCA and its recoverable investment programmes.... in recent years the HCA has had a fundamental shift in the way it funds housing and development....the availability of traditional grant and gap type funding has been reduced significantly....replaced by recoverable investment type funding.... implications of this are significant, especially in localities offering higher risk and lower return investment.... Analysis undertaken with the HCA before Christmas identified that £5.39bn (75%) of their national funding programme was on a recoverable investment funding basis... and Tees Valley had not secured any of it!

There is now recognition by Government (and HCA) that many of the national funding programmes for housing and regeneration work better in some parts of the country than others....tend to work very well in the South East but are not as suited to areas with low values and returns....in recent months work has been ongoing to try and address this ....however, we are continuing to develop proposals that will go further and devolve investment funding so that we have local flexibilities and investment approaches that meet our market conditions and economic growth plans....

Of note, Manchester faced a similar scenario and subsequently secured devolved investment funding with locally set investment criteria...many other devolved administrations are exploring similar approaches....

## Land Commission.... to maximise the use of land across Tees Valley to support economic growth



**Headline: The Land Commission aims to maximise the use of land, especially that held by Government departments and their agencies, in support of our economic growth.... it will not have any direct powers but will make recommendations to the Combined Authority and Government.... This may include revising the disposal strategy of a public sector landholder, 'locking-in' the sales receipts and uplift value of public land for Tees Valley re-investment, identifying sites that should be vested in a mayoral development corporation, etc....**

The main purpose of the Land Commission is to maximise the use of land across Tees Valley to support growth, economic development and housing supply....

The broad scope of the Land Commission will be to identify all brownfield and surplus public sector land....assess the opportunities and barriers to the development of the land.... explore opportunities to bring land forward for development....identify a potential pipeline of sites and report findings, making recommendations as appropriate....

It is important to note that the Land Commission will focus on the identification of brownfield and surplus public sector land, and its potential for development, across all uses including employment, commercial, leisure, mixed use and housing....

There is a significant amount of preparatory work underway to ensure that the form and function of the Land Commission is appropriate to local circumstances...membership of the commission will need to reflect the significant public sector landholders.... We will bring a report to TVCXs on 20 July, setting out recommendations for terms of reference, membership, governance and resources....

The overall plan is to enable, subject to formal decision, the establishment of the Land Commission in Autumn 2016....This will enable the outcomes, findings and recommendations of the Land Commission to inform plans for a Mayoral Development Corporation being established post May 2017....

Preparatory work is also underway to develop a Tees Valley register of brownfield and public sector

land.... A key resource requirement for the Land Commission

## Opportunity.... game-changing approach to funding and investment



Potentially providing £1bn long-term equity-based investment in housing and regeneration across Tees Valley over the next 10 years

**Headline: Potentially this is where the big prize is for Tees valley and could be game-changing in creating the investment platform to enable the sustained transformation of place in supporting our economic growth and meeting our housing needs....**

Outline proposals have been developed for a Tees Valley equity based investment vehicle. The emerging outline concept has been subject to discussions with key stakeholders including DCLG, BIS, HCA, the Tees Valley Registered Providers, TVUMG, the Home Builders Federation and CITB. These discussions have gone very well and there is significant interest in what is seen as an innovative solution to housing and the development of place in support of economic growth. We are about to move to the next stage of development which is to work with DCLG, HM Treasury, BIS, HCA, Registered Providers and the private sector on preparing the detailed investment proposal.... this will include structuring the vehicle, governance, investment pipeline modelling, sensitivity analysis, attracting funding / investment.... the key aspects of the outline concept are:

- Aim to use existing national and local funding in a more flexible way that is tailored to local circumstances and does not seek additional funding from central Government...
- Operate as a socio economic investment vehicle with a long-term investment / equity interest in Tees Valley...
- Probably established as a 10 year investment fund in first instance (needs to give long term commitment / confidence / certainty), it will aim to support the building of over 20,000 new homes to 2026...
- Not just providing development finance but also risk sharing investment and equity holding e.g. in new build property assets...
- It will invest on a recoverable basis, recoverable via sales receipts (including shared ownership), rental income, capital on balance sheet (% equity in property), asset value uplift (house prices) i.e. not just a sales reliant model...
- Aim to maximise home ownership through investment in a mix of products on tenure-blind development (enable a range of financing options to suit individual)...
- Aim to bring forward brownfield sites and revitalise the urban core, investing in areas of low return / higher risk...
- Adopt a risk sharing model – with range of scheme specific levels of risk – could even take 100%

of risk (build out on spec)...

- Scheme specific JV/investment approach which is tailored to specific site circumstances / pre-agreed profit share where appropriate / enabling short term interest of development partners...
- Other available funding sources secured at scheme/investment JV level e.g. HCA grant funding / developer borrowing...
- Aim to support delivery of key opportunities identified through the Land Commission...
- Aim to support investment in key strategic sites being delivered through MDC...
- Longer term aim to attract private sector investment into vehicle with exit strategy aim of making investment vehicle stand on its own without public sector support...
- Partner with RPs to provide landlord service where needed e.g. part ownership, rent to buy, etc...
- Aim to develop and nurture the market (support self-build / SME builders / alternative social enterprise type development models, etc) and support their business growth...
- Potential to support off-site manufacture both in terms of delivery of housing and also Tees Valley manufacture base...
- Support a local skills programme to increase capacity e.g. construction academy...Provide a positive impact on 5 year supply and where development takes place...
- Balanced investment portfolio approach to facilitate cross subsidy (marginal return/good yield/loss)...
- Provide local solution / positive offer to government on delivering current policy objectives (in part by tailoring existing national funding programmes to local circumstances).

The indicative £1bn is based on investment being secured from a combination of DCLG/HCA, Registered Providers, Pensions and the combined authority / individual authorities. The current concept is based on largely public investors with private investment brought in at a scheme / JV level. This thinking will be developed and tested as part of the next stage.

## Opportunity....nurture market capacity

100+  
unit  
site



>10  
unit  
site



Major developments to small infill sites all critical to supply:

- Volume house-builders
- SME's
- Registered providers
- Alternative developer models

Facilitate growth and nurture diversification.... appetite and capacity for different markets to support ambitions for place....

**Headline: Supplier market needs to be nurtured to increase capacity.... SME developers decimated at last recession and not yet recovered....registered providers need to find new ways to build homes.... Volume builders need to be incentivised to build a greater pace.... small infill to large sites all critical to supply....Equity vehicle provides opportunity to support and stimulate a more diversified supplier market through investment approach....**

Devolution, in particular the creation of a Tees Valley equity based investment vehicle provides a real opportunity to diversify the market and nurture growth...

Less reliance on volume house builders and sales led model to one in which enables new build to meet needs of 'whole market' – sale / rent, and everything in between....

Investment vehicle will be able to commission house building in alternative ways...and work with the market to develop organisations with the right appetite and capacity....

The investment vehicle will also be able to help support and grow the SME market...helping break down the barriers to small scale development....

Equity holding nature enables long term approach to housing as an asset, whether for sale, part buy or rent....either way it will work financially and it removes the sales-led limitations of supply....

Initially working with HBF (Home Builders Federation) and registered providers to explore possibilities....hope to expand this through HBF to discuss with key volume/SME developers operating on Tees Valley....

Also plan to consider the self-build market...could the vehicle facilitate and support the self-build market through finance and ensuring the availability of development ready sites and plots...

## Opportunity.... skills & jobs



**Headline: Require in excess of 50,000 jobs to build the houses required in next 10 years.... almost 14,000 more than required in last 10 years....but nationally there is a construction skills shortage.... Tees Valley 'Skills to Build' project established....undertaking gap analysis.... plan to look at potential interventions...**

The Home Builders Federation estimates every new home built creates 1.5 direct house building jobs plus 0.9 jobs in the supply chain, or 2.4 direct and supply-chain jobs in total....

Therefore, 22,420 new homes for Tees Valley equates to approximately 53,808 direct and supply-chain jobs...

Analysis based upon Government completion statistics show that in the past 10 years Tees Valley has delivered 16,630 new homes, which means that we will need to deliver over 25% more new homes in the next 10 years than we have in the past 10 years i.e. an additional 5,790 homes, which equates to an additional 13,896 jobs....

Increasing the pace and scale of housing delivery across Tees Valley is within the context of an industry-wide skills shortage....

In driving the transformation of place and supporting the economic growth of the Tees Valley it will be crucial that we have the right capacity and skills in place....early dialogue with the right stakeholders will be critical if we are to understand the capacity and skills currently available and establish plans to ensure that the right level is in place to meet our needs going forward.

We have therefore established a 'Tees Valley Skills to Build' project to assess skills and capacity needs based on future plans and develop a programme of intervention to ensure that Tees Valley nurtures those skills and secures jobs for the local population...we are currently working closely with CITB (Construction Industry Training Board), HBF (Home Builders Federation) and registered



providers on the first step which is a gap analysis....

## Opportunity....off-site manufacturing



**Headline: Off-site manufacturing offers the potential opportunity to accelerate supply....establish a Tees Valley manufacturing base.... create new jobs.... attract inward investment....**

As part of the current devolution plans for place we are exploring the scope for off-site manufacture...not only in terms of providing a cost-effective solution to accelerating housing delivery....but also as an opportunity to develop an off-site manufacture base within Tees Valley...

This is an increasingly important area with signs that the market may shortly break into volume house building... elsewhere in the country significant investment are being made on off-site manufacturing capacity....the Government is supportive as a way to significantly accelerate supply....especially considering traditional construction skills shortages....

An area requiring further research....potential for accelerating Tees Valley housing supply...new types of manufacturing jobs...inward investment....

## Opportunity.... powers for Mayoral Development Corporations



**Headline: Powers for the TVCA/Mayor to create mayoral development corporations should be passed through the legislative process in the summer.... Exploring the potential to use those powers is work that will be undertaken early in 2017 in preparation for a decision by the newly elected Mayor and Combined Authority in May.... The case for establishing a MDC will also depend on the recommendations of the Land Commission regarding site or sites that may be appropriate for such a vehicle....**

Purpose of mayoral development corporation.... red-line site or sites....certainty and pace on key strategic sites....overcoming barriers....securing funding....if appropriate, making use of planning powers....

Note: Separate arrangements have been established to fast track plans for a Mayoral Development Corporation for the SSI site as a project in its own right....Work on the consideration of mayoral development corporations under the existing devolution plans continue as previously agreed, which are aligned with the agreed timescales for the Land Commission and mayoral election in May 2017....

The objective of Mayoral Development Corporations will be provide certainty and pace on key strategic sites by overcoming barriers, securing funding and, if appropriate, making use of planning powers...

The deal stated that these new corporations will seek to prioritise economic development and housing on under-developed land within the Tees Valley.... Furthermore it was agreed that Government would work with Tees Valley local authorities to explore what additional planning powers and responsibilities would support their development ambitions...

The more detailed work regarding Mayoral Development Corporations is intentionally phased towards post-2016 as there are a number of critical dependencies and key issues that need to be incorporated including recommendations of Land Commission, conclusions of negotiations regarding devolution of funding and proposed equity investment vehicle, revised SEP.

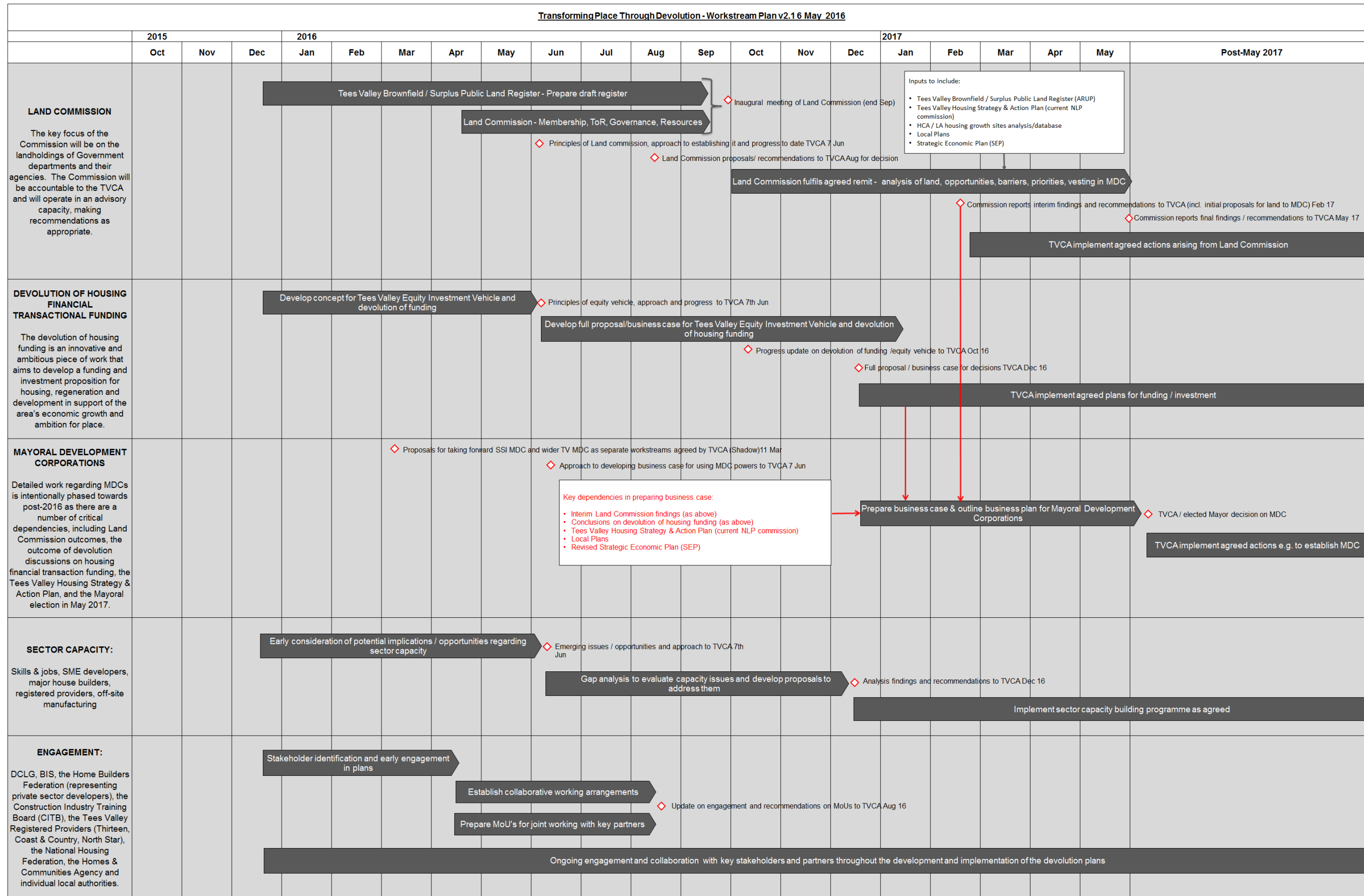
## Next steps....

- Consider supporting paper and recommendations, including proposed forward plan for Combined Authority

Report	Purpose	Meeting
Recommendations for the Land Commission terms of reference, membership, governance and resources	For decision	Aug-16
Recommendations for Memorandums of Understanding with key partners	For decision	Aug-16
Update on Land Commission, equity investment vehicle and sector capacity	For information	Oct-16
Devolution of housing funding, equity investment vehicle full proposal	For decision	Dec-16
Sector capacity gap analysis, findings and recommendations	For decision	Dec-16

Refer to supporting paper for project plan and recommendations to TVCA for decision

HEADLINE PROJECT PLAN



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## **AGENDA ITEM**

### **CULTURE; PLACE, INCLUSION AND BUSINESS GROWTH**

#### **REPORT TO THE TEES VALLEY COMBINED AUTHORITY**

**7 JUNE 2016**

#### **REPORT OF SBC DIRECTOR OF CULTURE, EVENTS & LEISURE**

## **CULTURE; PLACE, INCLUSION AND BUSINESS GROWTH**

### **SUMMARY**

Vibrant modern conurbations increasingly feature culture as an important part of a quality of life mix that attracts and retains talent, investment and visitors. To explore the extent to which the Tees Valley could better utilise culture toward economic growth, following a seminar hosted by Teesside University in 2014, a Culture Task and Finish Group was established by the TVU Leadership Board. The group was chaired by Prof Graham Henderson and included Cllr David Budd, Ada Burns and Linda Edworthy, alongside representatives from North East Culture Partnership and local cultural organisations. That group concluded that culture could make a greater contribution and recommended actions in relation to place shaping, social inclusion and business growth.

There was a powerful consensus that culture's contribution could be optimised by collaboration and shared strategic approaches across the Tees Valley, making the whole greater than the sum of the parts.

One of the Group's central recommendations was to make a bid for UK City of Culture 2025, using the intervening years to create the city scale infrastructure and capacity, and using the pursuit of the accolade as a unifying goal.

Overall, there are eighteen recommendations within the report, which form a coherent programme of work. These were approved by the TVU Leadership Board 22<sup>nd</sup> July 2015, before the public launch 28<sup>th</sup> July 2015.

The recommendations demonstrate the requirement for a long term, partnership-based, strategic approach to development of the cultural offer. We believe that only by progressing and embedding each of the recommendations will the Tees Valley be in a position to submit a strong bid for City of Culture.

The North East Culture Partnership Case for Culture, endorsed by Secretary of State for Culture Media and Sport, and the Chairman of Arts Council England, acknowledges the Tees Valley cultural aspirations. The TV Powerhouse devolution agreement creates the circumstances in which it is possible to negotiate a change from the historic position on national cultural funds.

We have created the conditions in which a major change is achievable, now we must create the resource and governance structure with which to ensure we capitalise on this opportunity.

To successfully deliver the Tees Valley wide programme, and to lead the development of a vision for the UK City of Culture bid, a governance structure is required under the auspice of the Tees Valley Combined Authority (TVCA). This report advocates the creation of a TVCA thematic group and an allocation of resources to support the development of the programme that flows from the original Task and Finish Group recommendations.

## RECOMMENDATIONS

1. **The Tees Valley Combined Authority is asked to create a Culture Thematic Group as set out in the report.**
2. **The Tees Valley Combined Authority is asked to endorse the proposed creation of a small core TVCA culture staff team for a 2 year period, as set out in the report.**

## DETAIL

1. Following a seminar in June 2014 attended by business leaders, academics, local authority officers and representatives of the cultural sector, a Task and Finish Group was established to attempt to progress a number of key aspects of the cultural agenda here in the Tees Valley with a view to maximising the contribution that culture and the creative industries could make towards 'place-shaping' social inclusion and future economic growth.
2. A powerful consensus quickly emerged that the Tees Valley's image, reputation and cultural offer are going to be increasingly critical if we are to attract and retain the right companies, the right investment, the right labour force, top quality students, and visitors. Reassuringly however, it also became clear from the work of the group that the 5 boroughs boast an impressive, and growing, array of existing and emerging cultural assets, events, festivals, etc. which have not been fully exploited in the past to promote the attractiveness of the area as a place to visit, to live or to do business – and hence as a valuable lever to attract inward investment.
3. The recommended areas of work come together in three goals for action:

*The Tees Valley to be a destination – a place people know about, like living in, want to move to or visit – because of its cultural assets, events, environment and lifestyle;*

*The Tees Valley to be a place of choice for artists and creative businesses to set up and grow – because of the support, spaces, and opportunities to network with other creative people;*

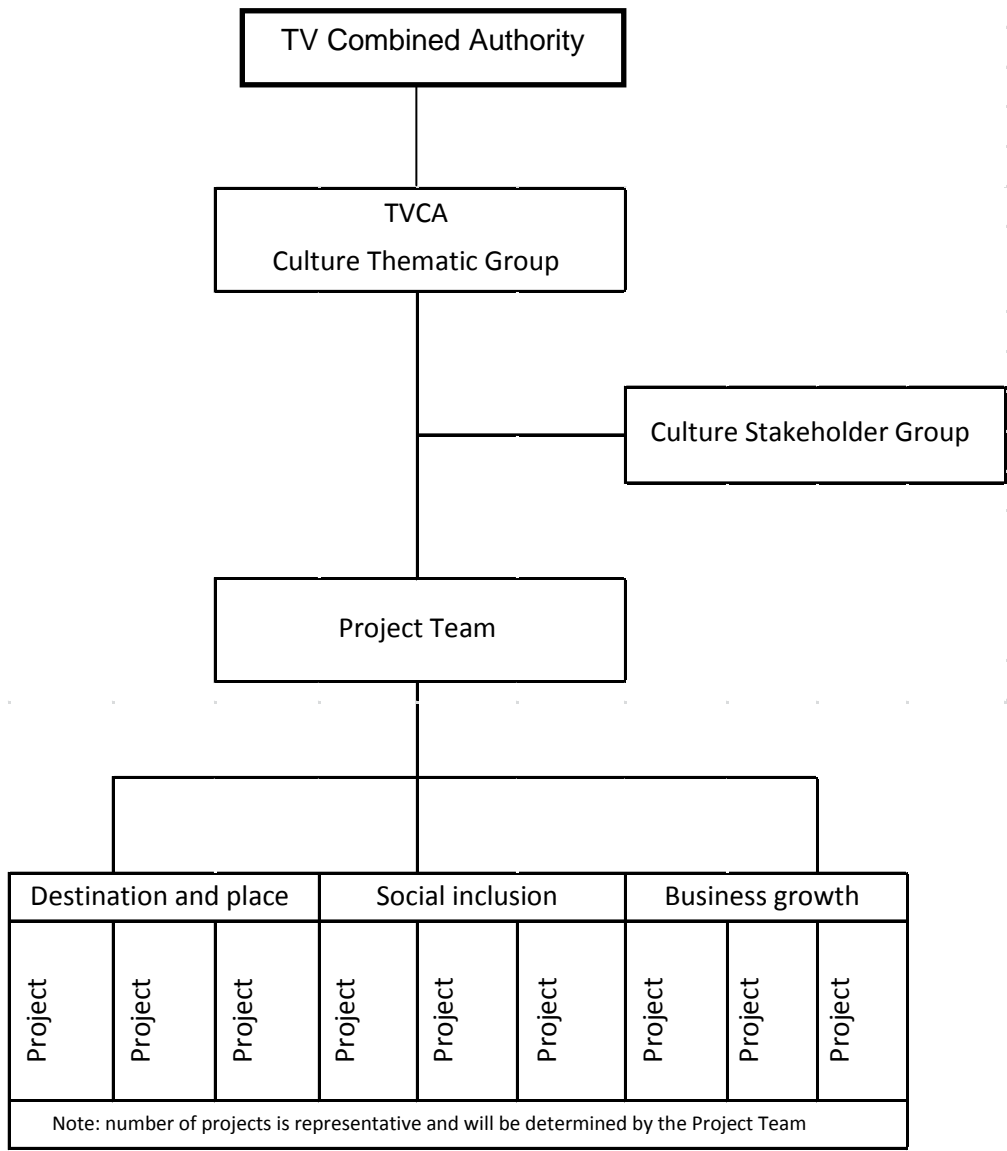
*The Tees valley to be a place that understands and deploys arts and culture in sustaining inclusive and healthy communities, where arts interventions are actively used to support education, health and well-being, and skills for employment.*

4. A detailed set of proposals responding to these goals were set out. The recommendations address the current weakness of place marketing capacity and the exploitation of our existing assets, optimisation of potential business growth in the creative industry sector, and utilisation of culture as a vehicle to engage and empower communities and extend our workforce.
5. One of the central recommendations was to make a bid for UK City of Culture 2025, using the intervening years to create the city scale infrastructure and capacity, and using the pursuit of the accolade as a unifying goal. Initial media and public response to this idea has been very positive, but care needs to be taken to foster a wide ownership of the bid and to ensure that every sector and community feel it could have something in it for them.
6. These recommendations were presented to the TVU Leadership Board in July 2015 and approved as a basis for further work.



**GOVERNANCE**

- 7. Strong programme and project management is required to ensure that the series of recommendations is delivered for the benefit of all partners and that the foundations are put in place for the City of Culture bid.



- 8. In terms of strategic programme governance, the Task and Finish Group report recommended that this work should be overseen by the TVCA. It is therefore proposed to create the Culture Thematic Group to act as Programme Board to oversee the strategic direction and implementation of the recommendations.
- 9. The Culture Thematic would take a lead on strategic cultural matters, support the pursuit of the Culture Devolution aspirations and take public ownership of the City of Culture vision during the initial phase. It is envisaged that the City of Culture bid will become the responsibility of bespoke delivery vehicle or accountable body after the development phase.

10. It is proposed that the Culture Thematic Group be jointly chaired by the Combined Authority Culture Lead and Alistair McColl as an independent Leadership Board member. A paper outlining the role and remit of this Group in more detail is attached as **Appendix A**.
11. A Culture Stakeholder Group has been established and has met once to date. It is proposed to retain this group as an information-sharing and reference group. This Group will be invaluable in building partnership-working and helping to embed the recommendations within all partner organisations.
12. The Culture Stakeholder Group current membership includes ARC, MIMA, Theatre Hullabaloo, Palace Arts, Tees Valley Arts, Tees Music Alliance, Cleveland College of Arts & Design, Teesside University, the North East Chair of the Society of Chief Librarians, and others.
13. The combination of the Thematic and stakeholder groups will provide strategic leadership and a direct connection to existing activities and venues; however, there is very limited capacity for coordination and delivery of the Tees-wide cultural programmes. Currently the 5 Authorities co-fund a half-time Culture Partnership and Strategy Coordinator post, an arrangement which expires in September.
14. This weakness has been compounded by the reduction in cultural officer capacity in the separate local authorities over a period of years, responding to their respective budget pressures.
15. The work that arises from the 18 approved recommendations of the original report is substantial;
  - a. Making the 'whole' of our event offer greater than the sum of the parts through joint programming and commissioning of satellite events, and defining and driving joint programmes across fixed attractions like our museums could generate a major boost to our image and economy.
  - b. Revitalising the potentially globally significant public art aspirations of the Tees Valley Giants could trigger a step change in perceptions of the place.
  - c. Defining our brand and creating a destination marketing capacity would allow us to compete with other city-regions and attract funding as well as visitors
  - d. Developing a consortium approach and framework for cultural responses to public service tenders around social inclusion and workforce development could release significant latent human capital.
  - e. Identifying and addressing the particular obstacles and support needs of the cultural business sector should bring growth in the sector up to national average levels, creating significant numbers of new jobs and retaining talent from our higher education output
16. In addition to the activity summarised above, there is a pressing need to respond to the interest in the City of Culture bid. From media partners and cultural institutions to members of the public, there is a desire for people to get involved. There is currently no capacity to respond to that and there is a danger that this unmet demand could trigger negativity toward the vision, disenfranchising those whose support will be required for a bid to be viable.

## **FINANCIAL IMPLICATIONS**

17. It is proposed that resources already identified for Tees Valley Combined Authority work on culture be allocated to establish a small core team of 2 or 3 FTE posts for a 2 year period to

initiate and coordinate work on the approved programmes. This resource would include some project management and funding bid writing capacity and would support the Culture Thematic Group in taking a visible lead in the consultation around the City of Culture vision.

18. If approved, the Culture Thematic will consider the options for the form and deployment of this team and agree the specific roles, responsibilities, grades and contracting arrangements. However, it is suggested that the team include a full time extension of the existing half time Cultural Partnership and Strategy Co-ordinator, for a 2 year period from the expiry of the current contract in September.
19. The total cost for this core team with on costs would be approx. £175,000 pa
20. The attached projects resource plan (**Appendix B**) estimates the costs arising from the individual work-streams; social, place shaping, and business growth. These costs are over and above the core team/coordination costs.
21. These project resource implications are not the subject of a recommendation in this report and are set out for illustrative purposes, giving a sense of the potential scale of the works encompassed and overseen by the TVCA Culture Thematic Group.

## **DEVOLUTION**

22. Following the Devolution 'ask' for culture, negotiations with the Arts Council have begun and are based on agreeing a multi-year investment plan around shared priorities. In effect the Tees Valley would be one of the first areas to benefit from a new place-based funding regime. This approach could deliver a considerable increase in revenue and capital funding over a 10-15 year time frame from both treasury and lottery sources. As stated above, any allocation of funds under the auspice of the Combined Authority and LEP would be likely to generate significant leverage investment from ACE and the relevant lottery distributors.
23. Over a 10 year time period the value of ACE and lottery investment could exceed £50m.
24. A detailed programme to deliver the nineteen recommendations in terms of time and funding requirements and potential match funding options will be compiled for presentation to the Culture Thematic Group and be the subject of further reports to the TVCA.

## **LEGAL IMPLICATIONS**

25. There are no significant legal implications arising from the recommendations of this report.

## **RISK ASSESSMENT**

26. This Culture; Place, Inclusion and Business Growth report is categorised as low risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.
27. There is a possible risk to reputation arising from the proposal to pursue the UK City of Culture status. This risk was considered to be low in light of the positive public and media response to the announcement that the Tees Valley would seek to bid. The work of the Culture Thematic will take account of an seek to mitigate such risks, reporting in to the Combined Authority on risk matters.

## CONSULTATION

28. There was widespread consultation as part of the development of the original Task & Finish Group report and subsequent consultation with cultural stakeholders in the development of the governance proposals set out in this report.

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**Post Title:** Director of Culture, Events and Leisure  
**Telephone No:** 01642 527039  
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Members' Interests (the text below is fixed and should not be altered by the author).

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Tees Valley Combined Authority's (TVCA) code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the TVCA he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

### Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 20** of the code.

Members are required to comply with any procedural rule adopted by the TVCA which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 21** of the code)

# Appendix A

## Remit and Accountability of the Combined Authority Culture Thematic Group

The Culture Thematic Group will be responsible for overseeing the strategic direction and implementation of the recommendations in the Tees Valley Culture Task and Finish Group Final Report . It will be jointly chaired by the Combined Authority Culture Lead and a member of the Tees Valley Unlimited (TVU) Leadership Board. This joint chairing will ensure culture’s contribution to the full range of Combined Authority work and also connectivity, through the independent TVU member, with the private sector.

### Terms of Reference:-

- Oversee the strategic direction and implementation of the recommendations made in the Tees Valley Culture Task and Finish Group Final Report and associated Action Plan including determining the way forward for the UK City of Culture bid for 2025
- To direct, drive progress and receive reports on the following projects and policy areas:
  - Social Inclusion
  - Business Growth
  - Place Shaping
  - Events and Festivals
  - Marketing and Destination Brand
  - Programming across the Key Assets
  - Partnerships and Framework
  - The Potential Role of Public Art
  - Review Tees Valley Creative Venues
  - Resources and Capacity
  - UK City of Culture 2025 ( due to the scale of this piece of work, consideration will be given to the future possibility of a relocation of this function either to another body/organisation, or for all other functions to sit under another group and City of Culture to be managed solely by this group)
- Make recommendations to the Combined Authority and TVU Leadership Board on potential new cultural projects/programmes and related resource and support needs.
- Identify, develop and oversee cultural funding opportunities and applications, including recommending use of identified Combined Authority resources for culture.
- Establish Task and Finish Groups when necessary, for example, for the preparation of funding applications and proposals;
- Provide policy and “Best Practice” advice to the Combined Authority on cultural matters.

- Promote awareness of and engagement with the Knowledge Base, in the Tees Valley, regionally, nationally and internationally to Tees Valley businesses.
- To liaise with and lobby a wide range of Government Departments and other relevant organisations and agencies, as required.

#### **Accountability:-**

- To the Combined Authority.

#### **Membership:-**

The Group will comprise senior level representation from the following:

- Combined Authority Culture Lead (Chair)
- TVU Leadership Board Culture Lead (Co-Chair);
- Tees Valley Directors of Place (nominated representative);
- Teesside University;
- Representatives from the Higher Education Colleges in Tees Valley;
- Arts Council England;
- Heritage Lottery Fund;
- North East Culture Partnership
- Representation from the independent arts, cultural and heritage sector

*Full membership to be determined.*

Each member may name an alternative to attend as a deputy. Other observers/representatives will be invited to attend meetings as appropriate to the agenda.

#### **Support:-**

The secretariat support for the Group will be in line with other Combined Authority arrangements as they emerge.

- The full Group will meet every Quarter (or an alternative period if more appropriate) and be chaired by the Combined Authority Culture Lead or the nominated lead from the TVU Leadership Board.
- In the intervening months a smaller sub-group may meet to oversee ongoing business where the necessary authority is agreed and delegated by the full group.

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## Appendix B Tees Valley Culture Resource Plan

Recommendations Destination and Place Making	Staff/ Partnership member(s) responsible	Resource Implication	Status as of:
<p><b>1. Destination and Place Making</b></p> <p><b>Each of the major festival's commissioners should be invited to respond to the proposal that they support satellite elements in other parts of the Tees Valley where the potential satellite host is prepared to fund the additional costs.</b></p>	<p>Many major festivals are run through the local authorities, however this is becoming increasingly difficult due to competing demands.</p>	<p>Capacity exists within the local authorities to explore and plan satellite events though capacity varies between authorities.</p> <p>Financial implications of satellite performances to be confirmed, however we can assume a minimum cost c.£75k per site per event</p>	
<p><b>2. Destination and Place Making</b></p> <p><b>Key cultural event programmers, including local authorities are encouraged to submit information to the public facing 'Festivals of the North East' website, and also to contribute advance programming information to the planned non-public section of the above site (development of this site is being pursued by the North East Cultural Partnership).</b></p>	<p>Each partner leads its own</p> <p>The website is already up and running. The website is currently run by Visit County Durham</p>	<p>Currently limited capacity in local authorities. No additional resources for completion of this action, however potential nominal costs of upkeep for the website</p>	



<p><b>3. Destination and Place Making</b></p> <p><b>Partners within Tees Valley give consideration to the preferred function, shape and resourcing of a DMO, as part of a brand development strategy</b></p>	<p>Tees Valley Unlimited (Neil Kinley)</p>	<p>Anticipated cost for commissioning of initial re assessment of previous work by Stacey Hall and review of options c.£10k. Report and subsequent resource implication to be considered Likely future requirement in excess of £100k per annum plus significant one-off programme costs. Potential for match funding for programmes for Visit Britain etc.</p>	
<p><b>4. Destination and Place Making</b></p> <p><b>The local authorities agree to develop a collaborative approach to programming and marketing cultural events and attractions</b></p>	<p>Local authorities with combined DCMS / Comms group taking responsibility</p>	<p>Initial stages of this work have been led through the Comms Group, resourced through the local authorities. However not all authorities have a strategic cultural capacity and therefore future work may be difficult. It may be necessary to develop capacity within the combined authority to address capacity across the five local authorities.</p>	
<p><b>5. Destination and Place Making</b></p> <p><b>A framework or a mechanism for cross conurbation marketing should be agreed between DCMS Officer Group and the Heads of Communications Group</b></p>	<p>Local authorities with combined DCMS officers group / Comms group</p>	<p>Senior Comms person in local authority / half day per month</p> <p>Comms for City of Culture is included in the City of Culture resource implication</p>	

<p><b>6.Destination and Place Making</b></p> <p><b>Agree to develop a marketing strategy for the Tees Valley that derives its weight from an agreed set of significant assets</b></p>	<p>Tees Valley Unlimited (Neil Kinley)</p> <p>Subject to the outcome of the DMO action, delivery could be commissioned through the agency created.</p>	<p>Development, commissioning and monitoring of marketing activity would be a work stream of the DMO and as such would call on the resources identified in recommendation 3. Direct costs of marketing depend on the reach/impact we wish to achieve and would be proportionate to our investment in the assets. Assuming impact beyond North East, and c.£10k per major attractions/events. Marketing spend no less than £100k pa</p>	
<p><b>7.Destination and Place Making</b></p> <p><b>A formal exploration in to the potential for the ‘giants’ should be revisited, led by the Combined Authority / Teesside University.</b></p>	<p>This should be led by the thematic group, however this work could be facilitated by Matthew Jarratt due to his close relationship with the Kapoor Studio.</p>	<p>Initial costs for refresh of the proposal and high level advocacy. Scoping required. c5-£10k</p>	
<p><b>8.Destination and Place Making</b></p> <p><b>Partners within TVU to declare intent to submit a bid for UK City of Culture 2025, and begins the wider consultation on the bid and programme priorities</b></p>	<p>In the first phase this work will be overseen by the TVU Culture Thematic Group (TVU CTG), however a new delivery group / company / consortium may be required to deliver the detailed work (see Appendix 1)</p>	<p>There will be considerable resource required to carry out the necessary tasks to ensure Tees Valley is bid ready, and to ensure widespread public ‘ownership’ of the bid themes and concepts. Decisions on financial and other resources will be considered by the TVU CTG</p> <p>The size of the population is large and the timescale we are working over is an extended one in comparison to other bidding cities.</p>	

		Bid development excluding programme prelims or technical feasibilities, and based on considerable in-kind partner investment including core costs and programme delivery £300,000-£500,000 per annum Further information on delivery vehicles, resource and phasing in Appendix 1.	
<b>Recommendations Social Inclusion</b>	<b>Staff/ Partnership member(s) responsible</b>	<b>Resource Implication</b>	<b>Status as of:</b>
<b>9.Social Inclusion</b>  <b>Develop a consortium approach or a framework of suppliers to support cultural practitioners and arts organisations to meet the requirements for bids and tenders, including Big Lottery/TVU commissioned work with workless individuals.</b>	This work will be led through the TV CTG.	The majority of this resource will be in kind support, alongside Creativity Works who will also provide funded business assets to cultural organisations working to meet these requirements. Bid development / tender participation £10k per annum over 5 years.	
<b>10.Social Inclusion</b>  <b>Undertake a cultural sector training needs analysis leading to the development of a CPD offer and targeted business support.</b>	This work will be led through the TV CTG. There is no obvious delivery body for this work	Costs for commissioning this work will be c. £20k £10k sector training needs £10k targeted business support	

<p><b>11.Social Inclusion</b></p> <p><b>Analysis of partnerships and networks (existing and potential) required facilitating a coherent offer in the Tees Valley that will deliver positive outcomes and evidence results.</b></p>	<p>This work will be overseen by CTG</p>	<p>There is currently no additional resource required in the short term, however completion of the analysis will indicate future resource requirements.</p>	
<p><b>12. Social Inclusion</b></p> <p><b>Further development of knowledge and capacity in new business models such as Social Enterprise, designed to deliver a sustainable cultural-eco system delivering both high quality arts experiences and social inclusion / impact.</b></p>	<p>This will be led through the TVU CTG</p>	<p>Much of this work will be in kind delivered through Teesside University, however depending on capacity it may be necessary to commission additional research, training, implementation support c£10k per annum.</p>	
<p><b>13.Social Inclusion</b></p> <p><b>Further consultation with commissioners, providers, arts and cultural organisations and other key stakeholders to map the sector and determine demand and supply relating to arts interventions which achieve social impact.</b></p>	<p>This will be led through the TVU CTG</p>	<p>Supply and demand mapping c.£15k May be opportunities to commission a bespoke extension of the national research programme in to social impact.</p>	
<p><b>14.Social Inclusion</b></p> <p><b>Leadership in supporting the sector to deliver new ways of thinking, new ways of working and new business models which recognise the value of arts and cultural practice in achieving social impact.</b></p>	<p>This will be led through the TVU CTG</p>	<p>The leadership aspects of this work can be resourced through current arrangements and also through Creativity Works, however there may be costs associated with developing tool kits for arts and cultural organisations circa £20k</p>	

<p><b>15.Social Inclusion</b></p> <p><b>Development of an evidence portfolio to be considered by all of the five Health and Well-being Boards with a request for a “pledge” to explore the value of arts based interventions in tackling public health, worklessness and mental health issues.</b></p>	<p>This will be led through Teesside University with partners</p>	<p>The resource or this can be met through current arrangements</p>	
<p><b>Recommendations Business Growth</b></p>	<p><b>Staff/ Partnership member(s) responsible</b></p>	<p>Resource Implication</p>	<p><b>Status as of:</b></p>
<p><b>16.Business Growth</b></p> <p><b>Tees Valley Unlimited to identify creative businesses, establish relationships and analyse business support and networks relevant to the sector</b></p>	<p>TVU (Neil Kinley)</p>	<p>This work is underway through Innovate Tees Valley, new Digital City Project and Creative Fuse North East</p>	
<p><b>17.Business Growth</b></p> <p><b>TVU to include digital and creative businesses in the Tees Valley Business Compass ERDF open call for business growth.</b></p>	<p>TVU (Neil Kinley)</p>	<p>This work is underway through Innovate Tees Valley, new Digital City Project and Creative Fuse North East</p>	

Recommendations Resources and Capacity	Staff/ Partnership member(s) responsible	Resource Implication	Status as of:
<p><b>18.Resources and Capacity</b></p> <p><b>Partners within TVU give active consideration to assigning the resources required to build on the engagement and momentum represented in this report and to implementing the recommendations.</b></p>	<p>Establishment of the CTG was the first step. The Combined Authority may benefit from specific resource / capacity in relation to strategic planning / activity.</p>	<p>This can be met through the current partnership arrangements</p>	
<p><b>19.Resources and Capacity</b></p> <p><b>Arts Council England support a proposal to build capacity within the Tees Valley to take forward the recommendations within this report</b></p>	<p>Devolution / Cultural lead officer</p>	<p>Capacity exists for negotiations, however the development of investment plans and prioritised initiatives for joint investment will require capacity not currently identified. This echoes the capacity gap referred to in recommendations 4/6 etc.</p>	

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## **AGENDA ITEM**

### **REPORT TO THE TEES VALLEY COMBINED AUTHORITY**

**DATE 7<sup>TH</sup> JUNE 2016**

### **REPORT OF DIRECTOR OF STRATEGY & INVESTMENT**

## **REFRESH OF STRATEGIC ECONOMIC PLAN**

### **SUMMARY**

The Tees Valley Strategic Economic Plan (SEP) was published in April 2014. With changes in the economy and governance arrangements, the establishment of the Combined Authority and the Devolution Deal with Government it was felt that it was appropriate to refresh the SEP.

### **RECOMMENDATIONS**

It is recommended that the sign off of the draft SEP be delegated to the Chairs of the Combined Authority and the LEP in consultation with the Combined Authority Leaders.

### **DETAIL**

1. The preparation of the draft refreshed SEP has included input and consultation with over 360 public, community, voluntary and private sector representatives from across the Tees Valley region.
2. The formal public consultation process ended on 25<sup>th</sup> May 2016, however opportunities to provide additional written feedback was extended to 27<sup>th</sup> May 2016. Consequently the draft SEP is currently being amended to incorporate all relevant feedback, with a final draft anticipated for the week commencing 6<sup>th</sup> June 2016. The SEP identifies and reviews the current economic position, looks to what the future holds for the area and identifies the key priorities and indicative actions to ensure that we can achieve the area's ambitions. The Combined Authority will receive a presentation on the overall content of the document.
3. The document is being currently redrafted to incorporate comments received during the consultation sessions. The document needs to be available for submission to Government as evidence to support the area's bid for Growth Deal 3 (Local Growth Fund) and for the bids to the Large Local Majors Fund. It is recommended that the sign off of the draft SEP be delegated to the Chairs of the Combined Authority and the LEP in consultation with the Combined Authority Leaders.



4. Arrangements for the formal launch of the SEP refresh will be put in place, in consultation with the Combined Authority Chair.

## **FINANCIAL IMPLICATIONS**

There are no direct financial implications related to the refresh of the SEP, as its delivery is subject to an agreed contract. The SEP itself will inform future investment priorities, subject to confirmation by supporting business cases.

## **LEGAL IMPLICATIONS**

The refreshed SEP is a high level policy document and therefore does not constitute a legal agreement.

## **RISK ASSESSMENT**

The refreshed SEP is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

## **CONSULTATION**

Extensive consultation has taken place throughout the development of the draft SEP refresh with stakeholders across the public, private, voluntary and community sectors.

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## Tees Valley Combined Authority Board

### Forward Plan

Date	Venue	Item / Responsible Officer
15 <sup>th</sup> April 2016 at 4.00pm	Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY	Appointment of Statutory Officer – Head of Paid Service
7th June 2016 at 12.00 noon Annual Meeting	TBC	Appointment of Chair 2016/17 Appointment of Vice Chair 2016/17 Appointments to Committees Appointment of Chairs Appointment of Vice Chairs
7th June 2016 to commence immediately following the conclusion of the Annual Meeting	TBC	Transforming Place through Devolution  Culture; Place, Inclusion and Business Growth  The Tees Valley Refreshed Strategic Economic plan (SEP)  Finance and Investment Fund Update  Rt Hon Lord Heseltine – Devolution of Power
19 <sup>th</sup> July 2016 (Joint Board / LEP)	Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY	Growth Fund Bids
August 2016	TBC	Single Pot FE Review CA Delivery Structure European Funding
October 2016	TBC	MTFP DTVA Place
December 2016	TBC	TBC

February 2016	TBC	TBC
April 2016	TBC	TBC

**Items to be scheduled:**

Transport Plan  
Transport North  
Employment, Education and Skills Partnership Board  
Confirmation of Portfolios of Tees Valley Combined Authority Board

## AGENDA ITEM

## REPORT TO BOARD

7 JUNE 2016

CHIEF FINANCE OFFICER

### FINANCE & INVESTMENT FUNDS UPDATE

#### SUMMARY

The purpose of this report is to update members on the financial position of the Combined Authority following the end of the financial year and also agree balances to be carried forward from Stockton on Tees BC in respect of funds which are now the responsibility of the Combined Authority.

#### RECOMMENDATIONS

1. The Combined Authority approve the movement in General Balance Reserve to £650,000 following the transfer of interest on balances from Stockton BC in respect of funds held previously on behalf of TVU and in line with the use of balances outlined in paragraph 3 and **Appendix A**.
2. The Combined Authority approve the increase in the opening balance of the LEP Core Capacity Reserve transferred from TVU and approve the use of the increase to fund the slippage outlined in paragraph 5.
3. The Combined Authority approve the allocation of the 2016/17 Local Transport Plan to Local Authorities in line with paragraph 8.
4. The Combined Authority approve the use of £53.2m on the schemes outlined at paragraph 13. Schemes will progress through due diligence prior to initiation. A further report will be presented in future to approve the remaining £9.6m.
5. The Combined Authority approve the creation of a Development Fund to support programme and project development and feasibility from the currently unallocated Growing Places funding of £3.152m, LEP Core & Capacity Funding (£0.397m) and EZ Income (£0.065m). Members also agree that future allocations from this Fund be delegated to the Managing Director in consultation with the Chair of the Combined Authority. In advance of that delegation, the Combined Authority are recommended to approve the proposals for funding identified in the table at paragraph 21.
6. The Combined Authority approve the transfer of funds from Stockton BC in respect of funds held on behalf of TVU in respect of EZ income.
7. The Combined Authority approve the transfer of accountability and funds from Stockton BC in respect of funding allocated to the Tees Valley to support the Task Force and approve the use of the funds as outlined in paragraph 26.
8. That the Assurance framework shown attached at **Appendix B** be approved.
9. The Combined Authority facilitates the delivery of certain of its' administrative functions through a delegation to Stockton on Tees Borough Council. These functions are summarised in **Appendix C**.

## DETAIL

### General Balances

1. The report to the Combined Authority on 4 April 2016 reported that the balances expected to be transferred to the Combined Authority were expected to be £850,000, and Members approved the use of £39,000 and retained £811,000 as a general reserve.
2. The final balances position transferred to the Combined Authority will be £1,055,000 and this reflects interest on balances received, which means that after taking account of the £39,000 approval £1,016,000 is available.
3. There are a number of potential pressures and calls on one-off resources which includes a confidential and exempt item. Other calls on resources are:
  - Due diligence work for LGF programme previously agreed.
  - Costs of extending the contract of Programme Management.
  - The pension costs associated with the establishment of the Combined Authority.

Further details are shown at **Appendix A** and after allowing for the costs above, the remaining balance available is £650,000.

### Local Enterprise Partnership Core and Capacity Funding

4. The report to Members in April outlined the position below:

LEP Core & Capacity Funding	Future Years Projected £000's
<b>Funding</b>	
Balance b/f from 2015/16	(722)
DCLG Funding Core	(500)
Total Available Funding	(1,222)
Approved Expenditure	825
<b>Balance Available</b>	<b>(397)</b>

5. The actual position for 2015/16 showed a balance carried forward of £794,000. The increase however, is in respect of slippage of the Low Carbon Project (£52,000), Development costs associated with LGF (£10,000), and various consultancy appointments (£16,000) and if approved, the balance available will remain unchanged. Consideration of transfer of the remaining balance to a Development Fund is covered elsewhere in this report.

## Local Transport Plan

6. One of the funding streams payable to the Combined Authority linked to devolution of funds is the Local Transport Plan. This funding is in effect funding which was previously paid direct to Local Authorities to cover maintenance and improvement schemes. At the time of setting the budget for the Combined Authority, it was unclear how the arrangements would work for 2016/17 and it was therefore assumed that this would be paid to the Local Authorities as was previously the case.
7. The payment has in fact been made to Tees Valley Combined Authority. All Councils have well developed processes and plans in place for allocating this resource and it is therefore effectively all committed.
8. It is therefore recommended that the amounts outlined below are paid to the respective Local Authorities:

	<b>2016/17 Charges £000's</b>
Hartlepool	1,871
Middlesbrough	2,838
Redcar and Cleveland	2,907
Stockton on Tees	3,739
Darlington	2,575
<b>Total Tees Valley</b>	<b>13,930</b>

## CAPITAL PROGRAMME & INVESTMENT FUNDS

### Local Growth Fund

9. The Local Growth Fund allocation covering 2015/16 – 2019/20 has been confirmed at £96.6m as part of the Devolution Deal. Schemes totalling £33.8m which are in the process of delivery were formally approved by the Combined Authority and included in the Capital Programme on 4 April 2016.
10. In total, schemes totalling the full amount were agreed with Government as part of the funding bid which was developed by all partners with TVU, and agreed by each Local Authority and submitted to Government in 2014. The remaining schemes in the programme have been considered and the majority are still priorities and should continue through the diligence process before delivery. These are outlined below and it is recommended that they are formally approved and added to the Capital Programme.
  - a. Middlehaven Dock Bridge (Local Majors Funded within LGF)
  - b. Hartlepool Innovation Skills Quarter Phase 1
  - c. Hartlepool Innovation Skills Quarter Phase 2
  - d. Kirkleatham Business Park
  - e. South Bank Wharf
  - f. TAMP Research and Technology Centre
  - g. CPI Factory of the Future
  - h. National Horizons Centre
  - i. Sustainable Access to Employment (Year 1 only)

- j. Billingham Bio-Pharmaceuticals Campus
  - k. Other Local Majors Fund projects (yet to be prioritised)
  - l. Salters Lane Phase 1
  - m. Skelton Industrial Estate
  - n. Skills Capital Programme (projects yet to be identified)
11. Two projects are currently on hold within the programme – Redcar and Cleveland College (TOGA) and the Skills Capital Programme. The Redcar College project was on hold pending the outcome of the 16+ Area Based Review. However, it is unlikely that the TOGA project will proceed and it is recommended that the associated funding (£2.4m) is made available for new activity to enter the programme. The replacement activity would need to deliver skills outcomes to ensure that the programme can achieve its overall outcomes and an alternative scheme relating to Kirkleatham Catering Academy, has been identified should this be required.

The Skills Capital Programme is not profiled for spend until 2020/21 and therefore we do not currently know whether there will/will not be a requirement for capital skills projects and would recommend leaving this allocation in place at present.

12. The Sustainable Access to Employment Programme was considered by the Investment Panel at its last meeting. The Panel decision was that it would recommend to the Combined Authority that the programme of projects within year one (2016/17) be approved (£1.1m) but that further consideration be given to the use of LGF for these activities beyond 2016/17. Further details of this project will be submitted to a future meeting.
13. The effect of the above decisions is that an additional £53.2m of projects are approved from the LGF programme. This brings the total programme to £87m, with projects to be developed (see paragraph 11) to utilise £2.4m in respect of skills and £7.2m to be reconsidered in respect of the Sustainable Access to Employment project.

### **Opportunity to bid for Additional LGF and Large Local Majors Fund**

14. On 12 April Greg Clark wrote to all LEPs inviting proposals for the next round of Growth Deals. £1.8bn of LGF is being made available in this competition round with all 39 LEPs able to bid. The indicative funding profile is back loaded to 2019/20 and 2020/21, however some funding will be available in 2017/18 and 2018/19.
15. In addition, the 2016 Budget announced a Large Local Majors Fund. The fund is to provide funding for those exceptionally large, potentially transformative local schemes that are too big to be taken forward within regular LGF allocations and could otherwise not be funded. Bids can be for development costs, or if an Outline Business Case is already complete, for funding to prepare and construct a scheme. A minimum threshold has been set for each LEP area with Tees Valley's set at a minimum project cost of £36m.
16. The timescales for the submission of the bids for LGF (21 July 2016) and Large Local Majors (6 July) are extremely tight and the submissions will need to be signed off by both the LEP and the Combined Authority. The review of the SEP will be able to form the strategy and rationale for the proposals. One of the benefits of the Devolution Deal is that we will be able to bid at a programme level as opposed to needing to identify individual projects at this stage.

17. Officers are in the process of developing the Bid in partnership with Local Authorities and this will be presented at a special meeting of the LEP Combined Authority scheduled for 19 July 2016.

### Single Pot Assurance Framework

18. The devolution of the Single Pot to Tees Valley is dependent on the area agreeing to a Mayor and the submission of an Assurance Framework. This is very much about our own internal process for ensuring the best use of public funds and being clear with project sponsors the assessment processes and the requirements on them if and when approved. The Government have indicated that this needs to be light touch and they are committed to develop a single process for all of the capital pots.
19. The framework is attached at **Appendix B** for information and has been agreed in principle with Government and it is therefore recommended that this is formally endorsed by the Combined Authority.

### Creating of a Development Fund

20. It is becoming increasingly apparent that a number of the projects included in the LGF require upfront investment to facilitate the feasibility of due diligence work. In addition, as the work streams within the Combined Authority develop programmes to deliver against the SEP priorities, there will inevitably be further upfront investment in feasibility required. It is therefore recommended that a Development Fund be created using funding sources as outlined below.
21. The MTFP report to the Combined Authority in April identified that TVU hold a balance of £3.24m from a previous Government Funding Scheme. This was intended to be a revolving investment fund to bring forward investments and developments. £140,000 of this funding had been previously agreed to support scheme development and management. It is suggested that this would be a good way to use this resource and it is therefore recommended that the full amount is earmarked to support the creation of the Development Fund. In addition, two further sources of funding have been identified for inclusion in the Development Fund. These are the remaining balances of LEP Core and Capacity Funding (£0.397m) and banked Enterprise Zone income (£0.065m). It should be noted that creation of this Fund fully utilises all resources currently available. These funding sources are summarised in the table below:

#### Funding

Source	Capital £'000s	Revenue £'000s	Total £'000s
Growing Places Fund (Remaining Balance)	2,514	638	3,152
Balance of LEP Core & Capacity Funding	-	397	397
Unallocated EZ Income	-	65	65
<b>Balance Available</b>	<b>2,514</b>	<b>1,100</b>	<b>3,614</b>

The following priorities have been identified in respect of utilisation of the Development Fund:



## Proposed Calls on Funding

	Capital £'000	Revenue £'000	Total £'000
Balance Available	2,514	1,100	3,614
<u>Development Activities to Progress Devolution Deal</u> <i>[Reports on Chief Executives Agenda]</i>			
Strategic Housing – “Transforming place through devolution”	-	100	100
Transport – Scheme Development Fund *	80	390	470
Transport – Bus Network	-	30	30
Nuclear Study	-	30	30
Culture – Creation of Central Capacity	-	350	350
Sector Action Plans (SEP)	-	80	80
CCS Communications	-	80	80
Employment & Education & Skills Strategy	-	40	40
<u>Priority Schemes</u> (Payback Schemes – S106 etc)			
Elwick By-pass	600	-	600
Middlesbrough Rail Station	100	-	100
Eaglescliffe Station	100	-	100
<b>Total Proposed Calls on Funding</b>	<b>880</b>	<b>1,100</b>	<b>1,980</b>
<b>Balance available to support LGF Scheme Development *</b>	<b>1,634</b>	<b>0</b>	<b>1,634</b>

\*Potential payback from LGF Funds

22. It is recommended that the drawdown of funding be delegated to the Managing Director in consultation with the Chair of the Board. In advance of that delegation the Combined Authority are recommended to approve the calls on funding identified in the table at paragraph 21. Members should note that the proposed Development Fund exhausts all currently available sources of funding for 2016/17. Future consideration could be given to replenishment of the fund from the devolution deal funding, particularly with respect to those schemes identified as development activities.

### **External Funding Scheme**

23. There are a number of programmes which have remaining balances where it is proposed the balances and accountability transfer to the Combined Authority:
- ESIF £676,000 – earmarked for technical assistance and research and development.
  - Transport £427,000 – earmarked for transport schemes (e.g. real time information boards)
  - City Deal Carbon £1,002,000 – earmarked for 3 schemes relating to carbon capture and storage
  - Other skills £105,000 – earmarked for careers advice.
  - Growth Hub £246,000 – earmarked to continue funding on the Business Compass Scheme.

## **Task Force Funding**

24. During 2015/16 the Government announced an £80m funding package to provide economic support for those employees impacted (directly and indirectly) by the closure of the SSI plant in Redcar. The £80m is allocated across a number of schemes and a substantial part of this funding is being administered through SBC as the Accountable Body for TVU.
25. In total £37.6m of the £80m SSI funds will be administered through TVU on the following schemes £1.7m support package for apprentices, £2.65m Flexible Training Fund, £16m to support supply chain and growth companies, £15.5m Jobs and Skills Fund and £1.75m for start-up advice and grant support.
26. Of the funding received in 2015/14 (£27.1m), £4.05m was spent leaving a balance of £23.05m. It is recommended that this balance transfer to the Combined Authority along with the accountability for the scheme.

## **Delegation of Administrative Functions**

27. The Combined Authority and Stockton-on-Tees Borough Council are local authorities for the purposes of the Local Government Act 1972 and the Local Democracy, Economic Development and Construction Act 2009. It is proposed that the Combined Authority facilitates the delivery of certain of its administrative functions with a view to their more economical, efficient and effective discharge through a delegation to Stockton-on-Tees Borough Council of those functions set out at **Appendix C**.
28. The Combined Authority has power to make the proposed delegation in reliance on the exclusive rights given to local authorities to undertake administrative arrangements of this nature in sections 101, 102, 112 and 113 of the Local Government Act 1972, sections 9EA and 9EB of the Local Government Act 2000 and Section 1 of the Localism Act 2011 and the regulations made under these Acts; and the supporting provisions within section 111 Local Government Act 1972 and all other relevant powers.
29. As these functions are executive functions, Stockton-on-Tees Borough Council's cabinet will need to agree and accept the delegation from the Combined Authority.
30. The proposed arrangement is deemed to constitute an arrangement which establishes or implements co-operation between contracting authorities pursuant to Regulation 12(7) of the Public Contracts Regulations 2015 and is excluded from the requirements of competition

## **FINANCIAL IMPLICATIONS**

31. This report updates the budget for the Combined Authority.

## **LEGAL IMPLICATIONS**

32. None

## **RISK ASSESSMENT**

33. The MTFP is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

## **CONSULTATION**

34. Not Applicable

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# TEES VALLEY SINGLE POT AND PROGRAMME MANAGEMENT ASSURANCE FRAMEWORK

May 2016



This Assurance Framework has been developed in consultation with the Leadership (LEP) and TVCA Boards. It is classed as 'draft' until it has been formally approved by the Tees Valley Combined Authority Board Meeting on 7th June 2016.

## 1. Overview

The devolution deal signed between Tees Valley<sup>1</sup> and HM Government provided the area with greater local control, flexibility and responsibility over funding streams and their outcomes, in particular the management of the Single Pot approach to funding, which consolidates funding lines and reduces ring fences.

The devolution deal has been set according to the Local Government Financial Framework, as set out in Department for Communities and Local Government's (DCLG) Local Government System Statement. This provides assurance to the Department Accounting Officer and to Parliament as to how wider funding routed through local government is allocated and that there are robust local systems in place to ensure resources are spent with regularity, propriety and value for money.

The following document is the assurance framework for the Single Pot and explains how Tees Valley will ensure accountable and transparent decision making, appraise projects and monitor and evaluate schemes to achieve value for money. The Tees Valley Single Pot Assurance Framework is one of a suite of key devolution deal implementation documents that should be viewed together. Other documents are:

- **Devolution agreement documents, which set out the terms and commitments between HM Government and Tees Valley;**
- **Implementation Plan, which sets out clear plans to deliver commitments in devolution deals;**
- **Single Pot Settlement Letters, which outline the principles and content of the Single Pot.**

Recognising the fluidity and lifetime of the programme of investments, the assurance framework will be refreshed annually, in consultation with the Tees Valley Combined Authority (TVCA) Board. Where potential changes result in significant divergence from the approved local assurance framework, these will be agreed with the Accounting Officer for DCLG and other relevant Accounting Officers across Government.

## 2. Accountable and Transparent Decision Making

This section describes how TVCA will ensure accountable and transparent decision making in relation to the use of the Single Pot funding lines.

### Accountable Decision Making

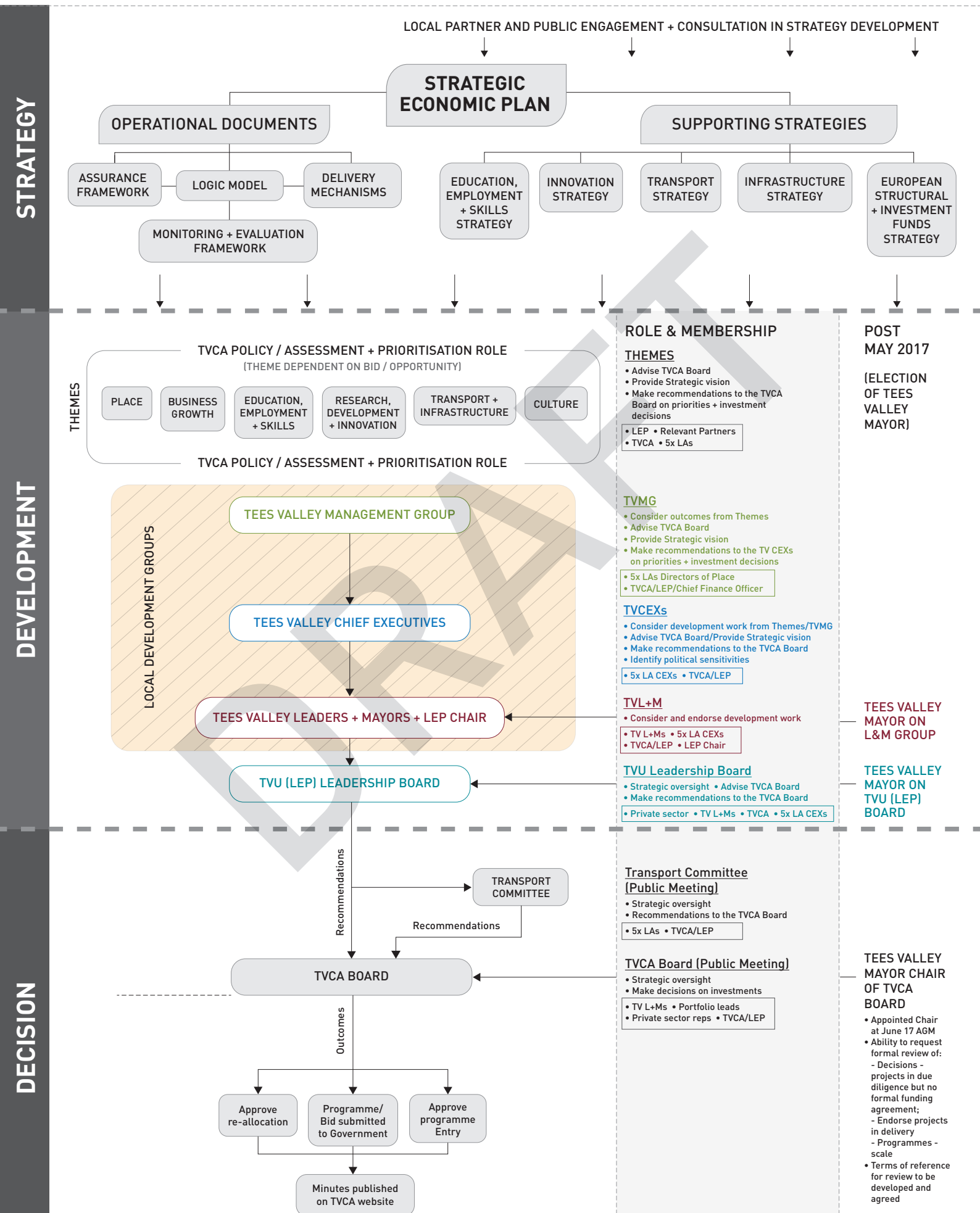
The following diagrams form the basis for the Tees Valley Single Pot Assurance Framework and display the following:

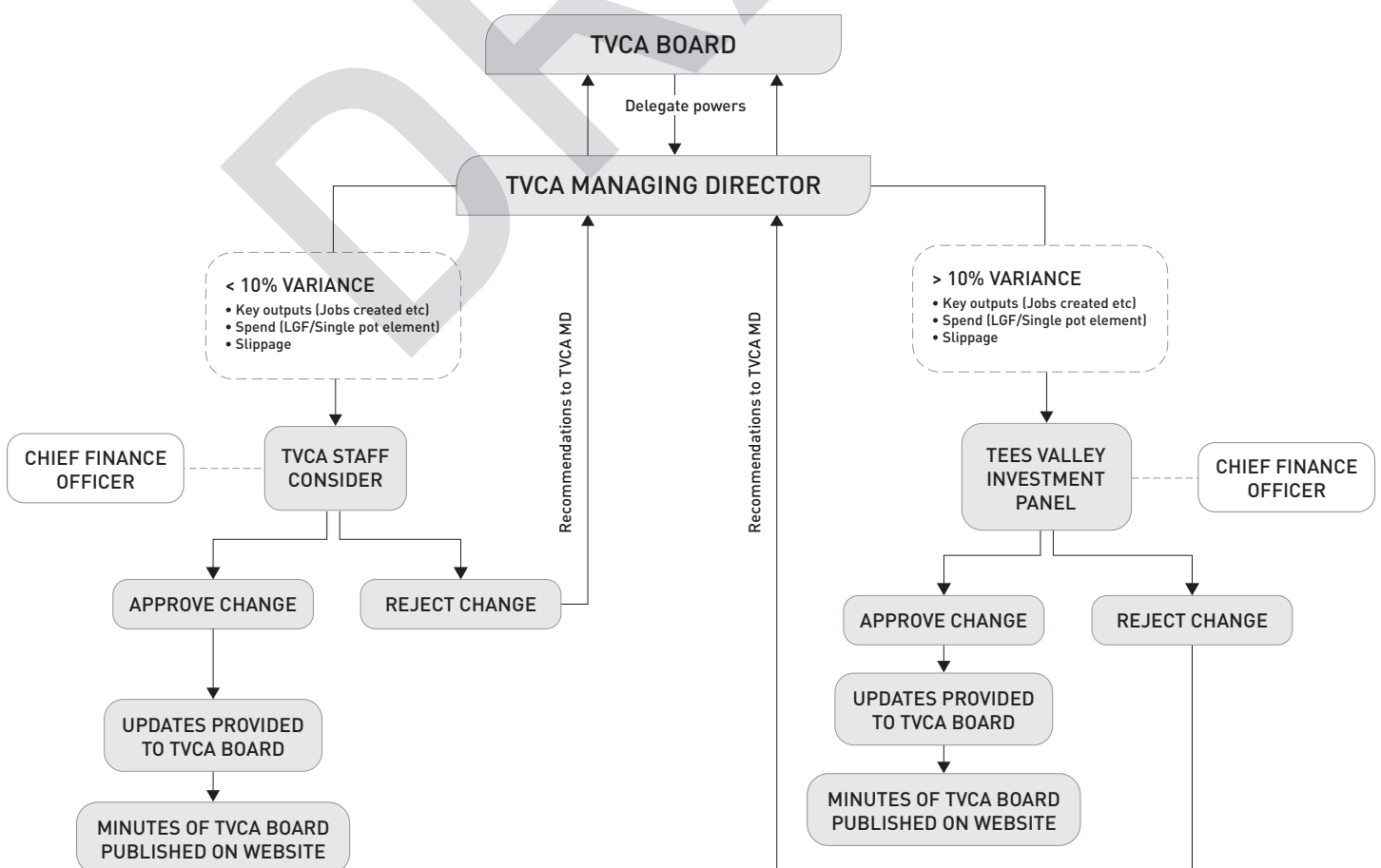
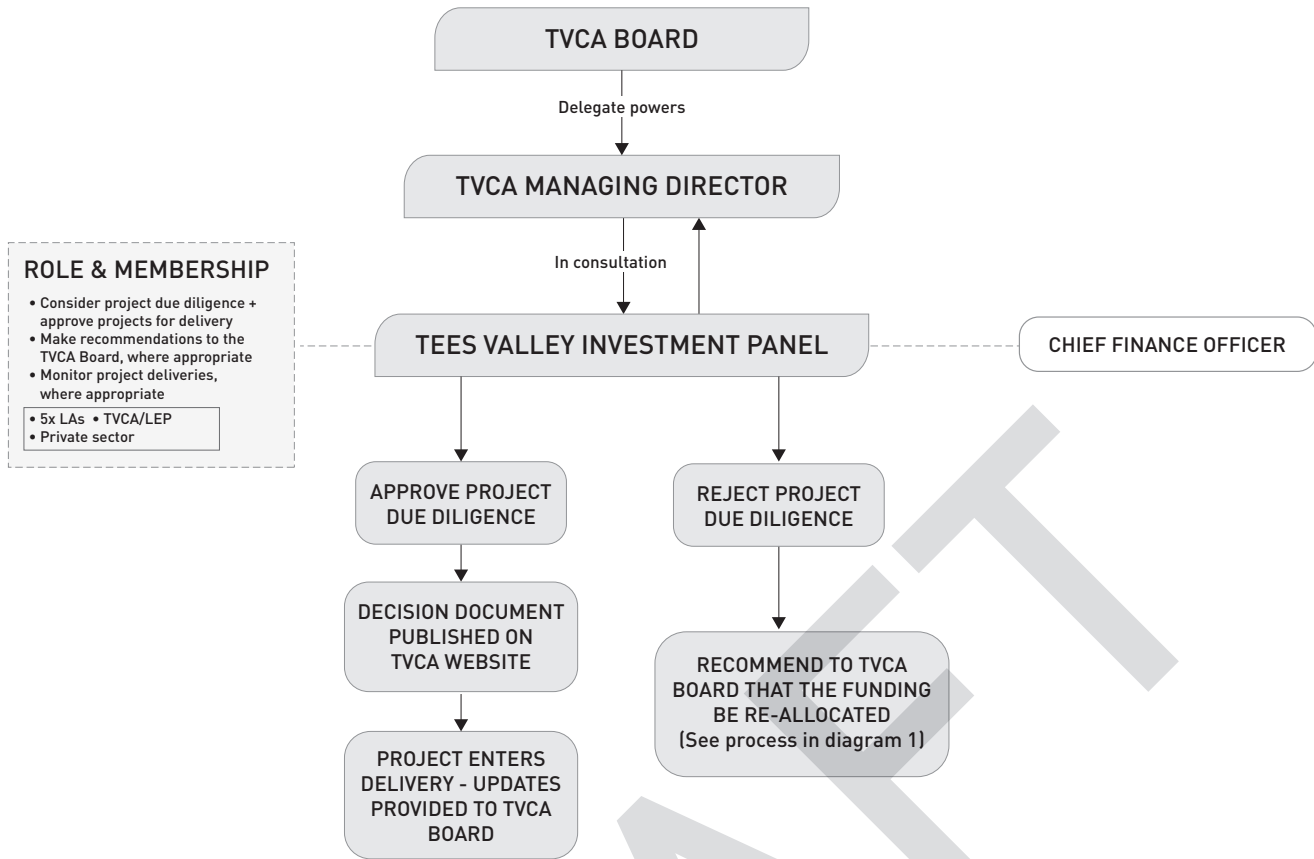
- **Diagram 1:** This displays the process that would be followed for new bids/programme submissions to Government, a new programme entry (locally) and the re-allocation of funds (locally). It also displays the overarching role of the Strategic Economic Plan (SEP), the role and membership of the TVCA Board and Leadership (LEP) Board and local development groups and the role of the Tees Valley Mayor, post-election in 2017;
- **Diagram 2:** This displays the process that would be followed for considering project level due diligence for investments made through the Single Pot, and highlights key Officers and Groups with delegated responsibility for this process (i.e. the projects have been approved for programme entry by the TVCA Board);
- **Diagram 3:** This displays the process that would be followed to deal with project changes/ monitoring once projects are in the delivery phase, and highlights key Officers and Groups with delegated responsibility for this process.

<sup>1</sup> Tees Valley includes the local authorities of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton.

# TEES VALLEY COMBINED AUTHORITY ASSURANCE FRAMEWORK

DIAGRAM 1 | PROCESS FOR BIDS, NEW PROGRAMME, PROGRAMME ENTRY, RE-ALLOCATION OF FUNDS





## Engagement of Local Partners and the Public

TVCA will ensure effective engagement with local partners through existing practices and processes, which have been in existence for a number of years.

Wide ranging local partner and public consultation is undertaken during the development of Strategy documents. A number of thematic task and finish groups are also used for work stream development, where appropriate, and these include local partner representation. Following development, key Strategy documents are placed on the TVCA website for public consultation for a period of time, with responses considered and feedback published where appropriate.

## Accountable Body Arrangements

Tees Valley Combined Authority is a local authority for the purposes of the Local Government Act 1972 and the Local Democracy, Economic Development and Construction Act 2009 and as such is the Accountable Body for Tees Valley Unlimited, the LEP, and for public expenditure that supports the Strategic Economic Plan, facilitating collective decision making between constituent partners in economic development, regeneration and transport.

The Combined Authority has appointed officers to undertake both the statutory Chief Finance Officer and Monitoring Officer roles. The Chief Finance Officer role will ensure that the use of resources are used legally and appropriately, that they will be subject to the usual checks and balances and by making sure there is a sound system in place for financial management. The Monitoring Officer role will ensure that all legal responsibilities are adhered to. Please refer to the [Constitution of the Combined Authority](#) for further detail.

## Audit

The Combined Authority has established an Audit and Governance Committee. This committee is a key component of the TVCA's corporate governance arrangements and an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, reporting on financial and other performance, and for the promotion and maintenance of high standards of conduct by its Members.

The annual external audit of the Combined Authority's accounts will be undertaken by an external accountancy firm appointed by Public Sector Audit Appointments Limited and will be included within the statutory statement of accounts. As part of the Chief Finance Officer statutory responsibilities all internal audit requirements will be undertaken by properly qualified officers of Stockton Borough Council as part of the delegation of administrative functions.

## Transparent Decision Making

It is important that all decisions taken regarding the Single Pot are accountable, open and transparent. Transparency will be maintained through existing Tees Valley Combined Authority (TVCA) arrangements and by adhering to the Local Government Transparency Code (2015).

## TVCA Governance Structure

A diary of all TVCA Board meetings and Leadership (LEP) Board meetings will be agreed during the year as soon as possible after the Annual Meeting of the Combined Authority. The TVCA Board meetings take place in public, with agendas published on the TVCA website 5 clear working days before the meeting and minutes published as soon as practicable following the meeting.

As detailed in Diagram 1, the TVCA has a number of local 'development' groups, which support the TVCA Board. The meetings of these groups will be agreed to ensure fit with the overall TVCA Board meeting timetable, as appropriate. The thematic task and finish groups will be arranged as and when required, to support the TVCA policy and assessment role.



### **Publication of Decisions**

As detailed above, and in Diagram 1, TVCA will publish a record of the decisions made at TVCA Board meetings through publication of the minutes via the website. A record of the outcome of the due diligence process for projects will also be published on the TVCA website, as shown in Diagram 2. Updates on projects in delivery will be provided to meetings of the TVCA Board and these will be recorded through the TVCA Board minutes. TVCA will also ensure compliance with Government guidelines on publication, where appropriate. For example, the requirement to seek external views on transport business cases through publication on the TVCA website.

### **Freedom of Information Act 2000 and Protection of Freedoms Act 2012**

As a public body, TVCA will be responsible for holding the official record of Single Pot proceedings and all Single Pot documents and will ensure compliance with the Freedom of Information Act 2000 and Protection of Freedoms Act 2012. Full details of TVCA's Freedom of Information requests procedures can be found on the [TVCA website](#).

### **Publication of Annual Accounts**

The Annual Statement of Accounts of TVCA and spend over £500 will be published on the [TVCA Website](#).

### **Conflicts of Interest**

TVCA has a clear set of procedures in place for dealing with any conflicts of interest, which may occur during business, whether at the TVCA Board or the local 'development' groups. The full procedure is at Appendix 1.

### **Complaints Procedures**

Tees Valley Combined Authority (TVCA) has a dedicated complaints procedure which is followed upon receipt of a complaint. This is available on the [TVCA Website](#).

### **Equality and Diversity**

An Equality Framework has been established that covers the work and outputs of all of the TVCA boards, panels and groups, which is updated on an annual basis. This is available on the [TVCA Website](#).

### **Gifts / Hospitality**

Existing TVCA gifts and hospitality procedures apply where any gift or hospitality over the value of £25 will be declared and documented, internally, by TVCA.

### 3. Programme Management Framework and Ensuring Value for Money

This section describes the Programme Management Framework approach that is in existence for Local Growth Fund investments, and which will be applied to all Single Pot investments. It also sets out in further detail how TVCA will ensure value for money and effective delivery of investments made through the Single Pot and how risk will be managed.

#### Programme Management Framework

TVCA has in place an existing Programme Management Framework for the Local Growth Fund, which has been approved by Government. This Framework will be utilised for all investments through the Single Pot. It provides stakeholders – including Government, local partners and local communities – the assurance that there is a robust framework in place to manage projects in an appropriate way, from project planning and development, through to selection, delivery and closure, ensuring at all times maximum impact and value for money for the local area. TVCA will utilise appropriate programme management approaches to manage funds between projects, themes and financial years. In summary, the Framework includes the following stages:

- **Planning and Development** – Informed by the Strategic Economic Plan, TVCA local development groups develop potential projects of strategic importance to ensure there is a robust pipeline of projects in place;
- **Prioritisation and Selection of Projects** – The Assessment Framework is used to appraise and prioritise projects, locally, with the TVCA Board to approve projects for selection in to programmes or approve bids to Government, where appropriate;
- **Due Diligence and Project Approval** – Projects complete and submit business cases, which follow Green Book principles, for independent due diligence. The outcomes of the due diligence exercise are considered by the Investment Panel, with final approval of projects made and a legal Funding Agreement signed between the project and TVCA;
- **Delivery, Monitoring and Evaluation** – The project is monitored throughout delivery, with any required project changes following the required process;
- **Project Closure** – Financial and practical matters overseen by Investment Panel.

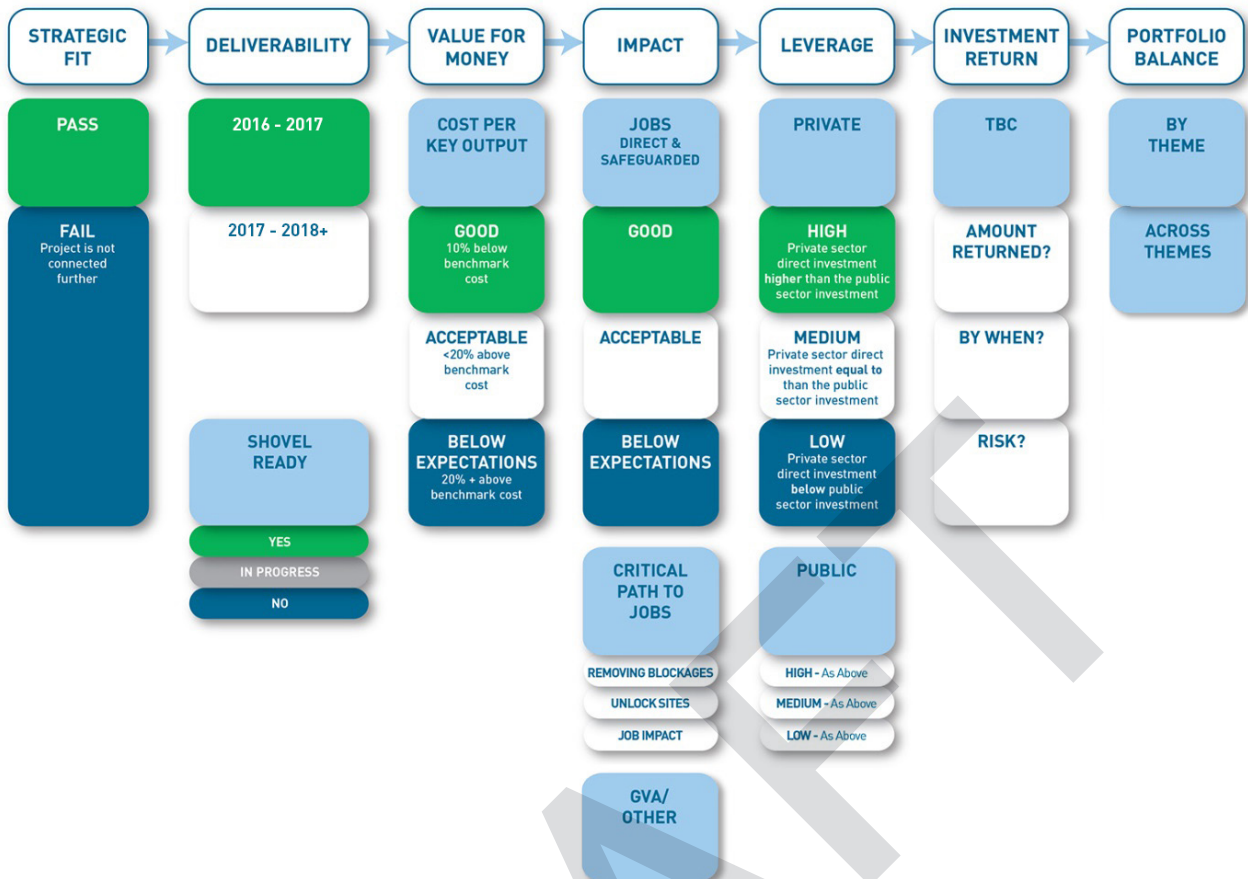
#### Options Appraisal and Prioritisation

As shown in Diagram 1, TVCA has in place a number of groups that undertake a role in the development of strategic projects to ensure that there is a robust pipeline of projects in place. This pipeline of projects is developed in line with the Strategic Economic Plan and in consultation with the Leadership (LEP) and TVCA Boards.

TVCA has in place an existing Assessment Framework for the Local Growth Fund and this framework will be used for the Single Pot (see Diagram 4 below). All potential projects will be expected to consider and have full regard for the framework. They must demonstrate a clear strategic fit and be shown to be of strategic importance to the Tees Valley. They must be able to demonstrate their ability to offer value for money and must show how they will maximise their impact across the Tees Valley (particularly in relation to jobs and growth). They must also offer assurances regarding their deliverability and show consideration for their ability to payback Single Pot funding, where appropriate.

In order to ensure it remains fit for purpose and can be appropriately applied to the various funding lines within the Single Pot, the detailed version of the Assessment Framework is currently undergoing independent review. This review is being undertaken in consultation with the TVCA Board and will be complete by the end of June. Following this, the Assessment Framework will be published on the TVCA website, as part of the Assurance Framework.

**DIAGRAM 4**



**Value for Money and Business Case Development**

TVCA will ensure that an appropriate assessment of investments made through the Single Pot is undertaken to ensure value for money. This assessment will be proportionate to the funding allocated and in line with the established guidance, where appropriate, as set out by HM Government:

- HM Treasury Green Book;
- DCLG Appraisal Guide;
- Infrastructure UK Route map; and
- DfT Web TAG.

The existing process and documentation used for business case development and due diligence for the Local Growth Fund, which addresses the 5 cases as set out in the Green Book, will be used for investments made through the Single Pot. All projects submitting business cases will be expected to set out, in an appropriate level of detail, the strategic case, economic case, commercial case, financial case and management and legal case.

TVCA will appoint an independent organisation, through appropriate procurement, to undertake due diligence on behalf of the TVCA. Diagram 2 shows the process that will be followed to consider the outcomes of the independent due diligence.

In order to ensure it remains fit for purpose and is proportionate to the various funding lines within the Single Pot, the detailed documentation and processes for business case development and due diligence is currently undergoing independent review. This review is being undertaken in consultation with the TVCA Board and will be complete by the end of June 2016.

## Risk Management

Senior Officers of the TVCA (TVCA Managing Director and Chief Finance Officer) will be responsible for the identification and management of risk. A high level risk register is currently maintained for the Local Growth Fund Programme and this approach will be taken for the Single Pot (see example below). The high level risk register is used as the basis for discussions with our local Relationship Manager from the Cities and Local Growth Unit on a monthly basis, and is provided as part of a wider programme update on a fortnightly basis. At the project level, all projects are expected to outline in detail any identified risks during the business case development and due diligence processes. Once in delivery, projects maintain an ongoing risk register and this is reported to TVCA during the financial claims process and is also reported in the wider programme update.

### DIAGRAM 5

Example

#### Single Pot Delivery Risk Register

No.	Programme Risks	Lead	Risk Rating	Finances	Delivery	Outputs	Summary	Actions	TVCA Lead
1			Green	L	L	L			
2			Amber	M	L	L			
3			Red	M	M	L			

Project Risks	Lead	Risk Rating	Finances	Delivery	Outputs	Summary	Actions	TVCA Lead
		Green	L	L	L			
		Amber	M	L	L			
		Red	M	M	L			

Criteria	
Finances	L/M/H
Outputs	L/M/H
Delivery	L/M/H

Bandings	
All Low Risk	Green
1 Medium	Amber
2+ Medium	Red
1 or more High	Red

Next Steps
RED = Action Plan Required
AMBER = Closer Monitoring/ Regular Visits
GREEN = No Action

## 4. Evaluation and Monitoring

Tees Valley, in conjunction with the 8 other Combined Authorities who are in receipt of City Growth Deals/Devolution deals have procured a panel of specialists to develop a methodology and appropriate metrics to consistently evaluate the impact of the financial support within the respective Single Pots of said 8 bodies.

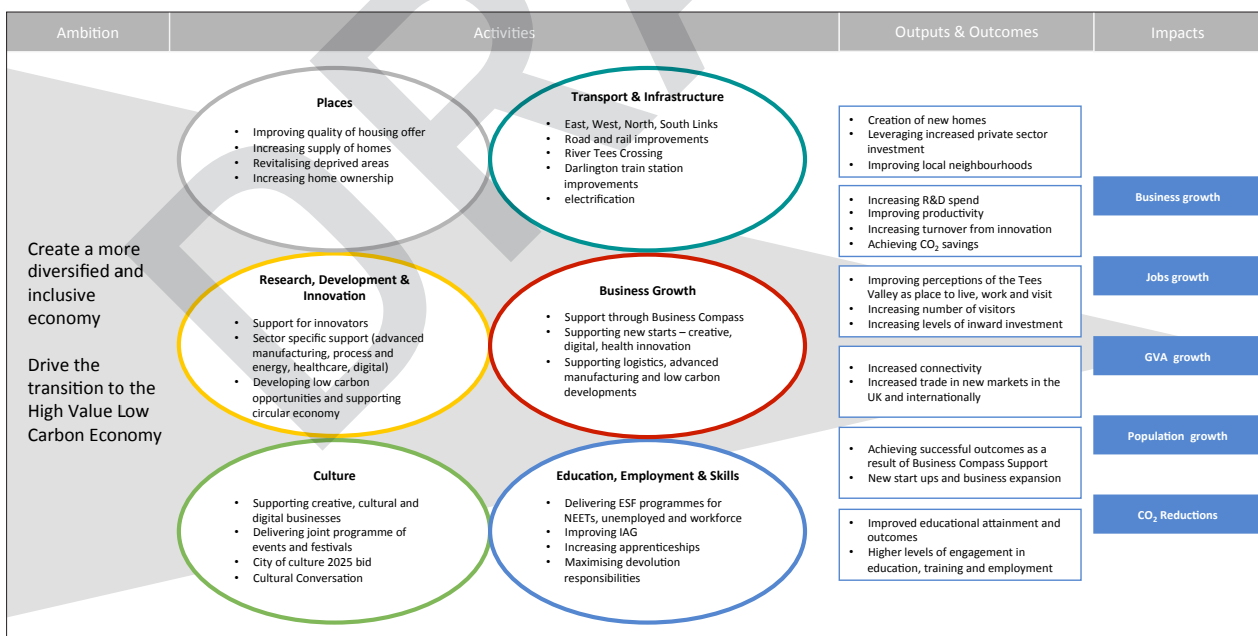
The proposed evaluation framework is in two parts (see below), will cover all activities supported under the Single Pot and subsequently contribute to the first Gateway Review (August 2020), including:

- **National Performance:** Using an agreed list of metrics, the evaluation will assess performance of Tees Valley against key indicators, in order to assess progression; and
- **Local Performance:** In order to provide 'local granularity and assess value for money' the specialist panel of external evaluators, will develop a local evaluation methodology, incorporating the national performance indicators but augmented by outputs and impacts specific to the range of projects supported by the Tees Valley single pot.

Outputs and impacts highlighted in the SEP logic model (see Diagram 6), augmented by assessment frameworks developed by the six working groups within Tees Valley, will inform the subsequent external evaluation of the Single Pot.

The existing plan for evaluation and monitoring of the Local Growth Fund projects, which has been approved by Government, will be implemented as planned but will have regard to the work outlined above, once further information is available on this process.

DIAGRAM 6



## 5. Communications

The overall TVCA Communications Plan will be used to ensure that key progress and delivery updates are given to stakeholders and the public, when appropriate.

The communications approach will take into account the requirements of the following:

- **Project Applicants;**
- **Governance requirements;**
- **Wider partnership requirements; and**
- **Communities' requirements.**

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## CONFLICT OF INTEREST PROCEDURES

### Introduction

1. Tees Valley Combined Authority (TVCA) Board Members should act impartially and should not use their position on the board to further their personal or private interests. It is therefore good practice to have a set of clear procedures for dealing with any conflicts of interest, which may occur during business, whether at the Combined Authority Board or the Sub Boards.
2. The purpose of this note is to advise TVCA Board Members what is meant by a “conflict of interest” and to set out procedures for dealing with such conflicts if they occur.
3. Board Members, who are also elected members or co-opted members of one of the Tees Valley Local Authorities, will have signed an undertaking to adhere to a Model Code of Conduct, issued under section 50 of the Local Government Act 2000, and adopted by their authority. Within that Code are requirements relating to the declaration and registration of personal non-prejudicial and personal/prejudicial interests. Local Authority members should have regard to all the requirements of the Model Code when representing their authority on TVCA Boards.

### Definition

4. A conflict may be defined as an interest in any TVCA business which relates to or is likely to affect the financial, commercial, professional or personal interests of an individual member, their relatives, close associates, employer, any firm in which they are a partner, any company of which they are Directors, or the organisation they are representing on TVCA.
5. An example of a conflict of interest could be a business representative influencing a decision that will be of financial benefit to that members business or another business that they have an interest in.
6. The responsibility for declaring an interest and for withdrawal from the meeting room and not improperly influencing a decision on a partnership matter rests with the individual Board Members.

## Basic Principles

7. In conducting its business, TVCA requires all partner organisations, and their representatives, to act in the overall interests of TVCA and its schemes.
8. Partners should accept a collective responsibility for the effective delivery of the funding programmes, which over-rides any individual interests (corporate or personal).
9. Partners should declare an interest when involved with partnership business and act at all times in good faith, in the best interest of the schemes and the local area.

## Procedures

10. In conducting TVCA business, the following procedures will be applied:
  - (i) A standing item, regarding conflicts of interest, will be included on each agenda at the start of TVCA meetings. All members should declare the existence and nature of any interests at this point. Details of the declaration will be recorded in the Board's minutes. If members arrive part way through a meeting they should declare any interest at the start of the relevant item or as soon as it becomes apparent that they have an interest;
  - (ii) TVCA will maintain a register of such declared interests, detailing the nature and extent of such an interest;
  - (iii) Where a conflict of interest occurs, the Board member should withdraw from the meeting room whilst the relevant business is being considered / determined and, must not vote or otherwise improperly influence decisions on that business;
  - (iv) In respect of collective decisions, such as partnership quarterly grant claims or the approval of annual delivery plans, partnership members should consider the issues in respect of the other elements of the schemes and not their own projects or interests. In practice, this means that within the context of an overall scheme decision, members should vet each other's claim or submission.

In the case of Local Authority Board Members they should consider whether they have a personal non-prejudicial or personal/prejudicial interest in any matter, as defined in the Model Code of Conduct for Local Authority Members. Where a member has a prejudicial interest in a matter they should leave the meeting room and must take no part in the discussion or voting on the business concerned.

If partnership members require further advice on conflicts of interest, they should contact **Linda Edworthy, Director – Strategy & Investment - at Tees Valley Combined Authority**  
**Tel: (01642) 527092.**





TEES VALLEY  
COMBINED  
AUTHORITY

*Tees Valley*  
*Unlimited*



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**LIST OF FUNCTIONS DELEGATED TO STOCKTON ON TEES BC**

- Legal Services
- Procurement
- Insurance & Risk Management
- Human Resources
- Finance
  - Financial Management & Advice
  - Preparation of financial statements and returns
  - Treasury Management
  - VAT
  - Internal Audit
  - Payroll
- Democratic Services
- ICT Support