

**Tees Valley Combined Authority (TVCA) Audit and Governance
Committee**

Thursday 28th January 2021 at 10.00am

Under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local
Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020
this meeting took place via video link.

Attendees

Members

Councillor Matthew Storey (Middlesbrough Council)
Councillor Paul Crudass (Darlington Borough Council)
Councillor Brenda Harrison (Hartlepool Borough Council)
Councillor Peter Berry (, Redcar & Cleveland Borough Council)
Jonny Munby (Independent Member)
James Stewart (Independent Member)
Angus Kidd (Independent Member)

Apologies for Absence

Julie Gilhespie (Group Chief Executive, TVCA)

Officers

Gary Macdonald (Group Director of Finance & Resources, TVCA)
Peter Judge (Group Chief Legal Officer, TVCA)
Laura Metcalfe (Governance Manager, TVCA)
Natalie Robinson (Group Risk Manager, TVCA)
Nicola Dean (Governance Support Officer, TVCA)
Neil Cuthbertson (Finance Manager, TVCA)

Also in Attendance

Gareth Roberts (Mazars – External Auditors)
Cameron Waddell (Mazars – External Auditors)
Michael Gibson (RSM – Internal Auditors)

**AGC
28/20**

APOLOGIES FOR ABSENCE

The Chair welcomed the Committee, and noted the resignation of Independent Member, Paul Bury, from the Committee and thanked him on his contribution.

Apologies for absence were submitted as detailed above.

AGC 29/20	DECLARATIONS OF INTEREST No declarations of interest were received.
AGC 30/20	MINUTES OF MEETING HELD ON 19th NOVEMBER 2020 The minutes of the previous meeting were agreed as a true record.
AGC 31/20	ACTION TRACKER Gary Macdonald, Group Director of Finance and Resources advised that outstanding actions on the Tracker were all now complete. Members were invited to reflect on the recent Member Induction sessions and give any feedback or thoughts for the future. Members noted: <ul style="list-style-type: none"> • The sessions were useful • The format of sessions was right • Request for additional training topics to be submitted via the Chair Members asked: <ul style="list-style-type: none"> • What is their role in relation to the airport? Members were informed that their role is to oversee the Group as a whole and in terms of the Airport to review the TVCA investment in the Airport in terms of performance in line with the TVCA Assurance Framework. Delivery activity for STDC sits with STDC Board and assurance via Audit and Risk Committee. The Airport delivery activity is with the Airport Board and Executive team. • Could a report on both STDC and TIAL be brought to the Committee as a standing item? Members were advised that the CEO update report is on the agenda to give coverage across the group. Further discussion to take place between the Chair and the Monitoring Officer on potential for periodic assurance updates from the respective Boards to satisfy this request. Officers agreed to take this away and provide an appropriate solution for the Committee.
AGC 32/20	CEO UPDATE including COVID 19 UPDATE In the absence of Julie Gilhespie, Group Chief Executive, Gary Macdonald, provided the Committee with an overview of the various sections of the report, covering the following areas: <ul style="list-style-type: none"> • Teesside International Airport • Culture & Tourism • Education, Employment & Skills • Research, Development, Innovation & Energy • Business Growth • Place

- COVID 19 Response Update

Members asked:

- Is another plan in place in relation to the proposed date of 1st June for Ryanair flights to commence, given uncertainties around COVID19? Members were advised that the Airport have been modelling for several different scenarios.
- If Members could be advised of where in Tees Valley the various projects, such as Kickstart and Young Creative Classes, are taking place. Members were advised that Thematic updates could be provided to the Committee with more detail to assist with this.
- How does the Combined Authority know where funding can be accessed? Members were informed that Directors and Senior Management have thematic responsibilities and close links with Government Departments and are in regular dialogue, whilst businesses also approach the Combined Authority about potential investment and there is a policy and strategy function of TVCA who scan for opportunities and consultations as part of their role
- How are other types of value, aside from housing potential, identified in the development of brownfield/derelict sites under the Place theme? Members were advised that TVCA responds to the way the Government requests information for particular projects. Other areas of value are considered as part of these requests however Government do prioritise strong economic impact on indicators. TVCA has always taken a broader view when spending, procuring and is always keen to consider social impact and community effects. Noted that a training session on how other impacts and types of value are captured would be useful.
- Why a large proportion (62%) of the Tees Valley Investment Fund had been allocated to the Airport? Members were informed that it isn't unusual for one or two significant, strategic investments, to be made. This particular investment was agreed by Cabinet and has the assurance mechanisms in place to ensure it is delivering against milestones. The amount of investment in the airport, although 62% of the Tees Valley Investment Fund, is a much smaller percentage of the overall 10year investment plan total of £588m and also reflects the profile of the investment plan delivery in the earlier years.
- Aside from Free Parking, should other modes of transport be promoted due to sustainability of use of cars in the future? Members were advised that TVCA already invest in cycling/ pedestrianisation projects. An update on transport activity would be scheduled as part of a programme of Thematic updates suggested previously in the meeting.

RESOLVED that: Members noted the report.

AGC 33/20

CORPORATE RISK REGISTER

	<p>Natalie Robinson, Group Risk Manager, delivered a presentation detailing the revised Corporate Risk register which has been implemented that tracks risk type, approach, response and monthly risk trend.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • If Members be notified of how TVCA are lobbying and how the distribution of Government funding is allocated? Members were advised that TVCA’s Comprehensive Spending Review submission, Levelling Up Agenda response and UKSPF consultation response would be shared confidentially with the Committee. • How material is the impact of Brexit, not just in relation to the UKSPF, but in ability to achieve targets in the Strategic Economic Plan? Members were advised that the TVCA Executive team would discuss how best to update the Committee on the impact of Brexit. • How has TVCA’s Risk Appetite changed in recent years? Members were advised that more focus was being placed on risk management as part of the move to a group structure and that the overall position has moved from ‘open’ to a more ‘cautious’ approach with tighter controls in the appropriate areas. <p>RESOLVED that: Members noted the Corporate Risk Register.</p>
<p>AGC 34/20</p>	<p>AUDIT COMPLETION REPORT – Update Letter</p> <p>Gareth Roberts, Mazars, gave an update on the progress of the completion of the 2019-20 Audit and explained the changes to the entity Group, which will feed into TVCA, was causing a slight delay as the adjustments need to be made correctly and work is progressing.</p> <p>Members were assured work was almost complete and an update letter will be distributed when the issues are resolved for the whole group.</p> <p>Gary Macdonald offered reassurance that TVCA are reviewing resources, noting a Financial Controller was appointed temporarily to assist in close out and the role will be recruited to permanently.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Are there any implications in the delay of getting the Update Letter? Members were informed that the deadline had been met by publishing an explanation note of why the November deadline had not been achieved. • Is the close out for accounts for 2020-21 financial statements deadline September 2021? Members were advised that this is not yet confirmed but the team will work towards the earliest possible date it could be to ensure any deadline is met. The deadline for Auditors is the end of September 2021 and draft accounts will still be required to be published at the end of May 2021.

	<p>Gareth Roberts, Mazars, advised the Committee that this was his last Audit & Governance Committee meeting as he has taken up a new role. He thanked Members for their support and good scrutiny and advised that a replacement is still being sourced. The Chair thanked Gareth for his work, constructive relationship and gave best wishes for the future.</p> <p>RESOLVED that: Members noted the report.</p>
<p>AGC 35/20</p>	<p>ANNUAL FINANCIAL STATEMENTS 2019/20</p> <p>Gary Macdonald gave the Committee an overview of the Annual Financial Statements, comparing 2018/19 and 2019/20 gross expenditure, balance sheet and cashflow, explaining variances year on year.</p> <p>Members asked:</p> <ul style="list-style-type: none"> • Is expenditure financed by grants received and is the income broadly released in the year the expenditure is incurred? Also what would be the reason for the differences? Members were advised that the differences are due to funding of some projects from reserves. The accounts format does not allow for use of reserves to be shown in the comprehensive income and expenditure statement but rather in the Statement of Movement in Reserves. Consequently, when money is pulled out of reserves it doesn't get allocated into the individual lines. TVCA don't apply the reserves into the individual lines. • Capital Grants are 'unused', is there a plan to use in future years and why does it get captured as 'income' and not 'future payables on future projects'? Members were advised that the grants would be used in future years. If not a specific grant for a specific project, this needs to go in 'capital grants unapplied' which holds capital grants received in advance, that haven't been utilised. Members were assured between the reserves and the income coming in in the year, TVCA make sure projects are funded and that when decisions are made, the funding is in place. Timing dictates where the money will appear in the statements. <p>RESOLVED that: Members noted the Annual Financial Statement 2019/20.</p>
<p>AGC 36/20</p>	<p>INTERNAL AUDIT - PROGRESS REPORT</p> <p>Michael Gibson, RSM, updated the Committee on the Progress Report, with a follow up audit to be undertaken in March 2021.</p> <p>RESOLVED that: Members noted the report.</p>
<p>AGC 37/20</p>	<p>INTERNAL AUDIT – GOOSEPOOL FINANCIAL GOVERNANCE</p>

	<p>Michael Gibson, RSM, presented the Goosepool – Financial Governance audit to the Committee noting that there was reasonable assurance of a good governance structure, with some actions noted.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 38/20	<p>INTERNAL AUDIT - PROJECT AND PROGRAMME ACTIVITY</p> <p>Michael Gibson, RSM, presented the Project and Programme Activity audit to the Committee noting that there was an adequate and effective assurance and monitoring framework in place with one medium priority and two low priority actions noted.</p> <p>Gary Macdonald explained he was happy with work undertaken as it is fundamental to the Investment Plan and getting assurance that it is operating effectively as positive.</p> <p>RESOLVED that: Members noted the report.</p>
AGC 39/20	<p>FORWARD PLAN</p> <p>The Committee were informed that the Forward Plan is up to date.</p> <p>Gareth Roberts asked for the External Audit Strategy Memorandum 2021/21 could be added to the Forward Plan.</p>
AGC 40/20	<p>DATE OF NEXT MEETING</p> <p>The next meeting is likely to take place following the May elections and will be provisionally scheduled as soon as possible.</p>