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## **Tees Valley Combined Authority Overview and Scrutiny Committee**

**Microsoft Teams Meeting  
Thursday, 7th January, 2021 at 10:30 am.**

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**Present:**

Cllr Stephenson (Chair) (Stockton-on-Tees Borough Council)  
Cllr Hobson (Vice Chair) (Middlesbrough Council)  
Cllr Barlow (Stockton-on-Tees Borough Council)  
Cllr Harker (Darlington Borough Council)  
Cllr Jeffrey (Redcar and Cleveland Borough Council)  
Cllr Jones (Redcar and Cleveland Borough Council)  
Cllr Rathmell (Middlesbrough Council)  
Cllr Renton (Darlington Borough Council)  
Cllr Riordan (Stockton-on-Tees Borough Council)  
Cllr Rooney (Middlesbrough Council)  
Cllr Smith (Redcar and Cleveland Borough Council)  
Cllr Tennant (Hartlepool Borough Council)

**Officers:**

Julie Gilhespie - Group Chief Executive  
Gary MacDonald - Group Director of Finance & Resources  
Alison Fellows - Group Director of Commercial & Delivery  
Chris Beck - Director of Business & Skills  
Jonathan Bailes - Investment Planning Manager  
Peter Judge - Group Chief Legal Officer (Monitoring Officer)  
Peter Judge - Group Head of Legal (Monitoring Officer)  
Sharon Jones - Governance & Scrutiny Officer  
Sally Henry - Governance Officer

**Also in attendance:****Apologies for absence:****1 Declarations of interest**

There were no declarations of interest.

**2 Minutes**

The minutes from the meeting held on 12th November were agreed as a true record.

**3 Group Chief Executive's Update**

A report was provided detailing the key activity of the Combined Authority since the last meeting.

Discussion took place around the following areas:

Brownfield Housing Scheme - an updated list of the projects will be circulated to

## Members following the meeting. **Action JB**

Kickstart Scheme - This scheme is open to any size business, with the exception of sole traders. However, a business must be taking on a total of 30 people to work directly with Government. TVCA have set up a cluster mechanism to allow businesses to group together so they are eligible for the scheme. This means that TVCA deal with the paperwork with Government but businesses taking on less than 30 employees can still participate.

Teesworks - TVCA are working on a number of ways to help small businesses and local labour get onto the approved contractor list for the Teesworks site. Teesworks skills academy has been set up and is being run by an Education training collective and is working with all contractors on site and coming to site in future to ensure they are advertising jobs to local labour. People in the Tees Valley who want to work on the site can register with them. Alongside this they are looking at enhancing the skills of local labour by setting up Health & Safety courses and induction courses to ensure all necessary requirements are adhered to and allow people to get on site. We have some large contractors on site and are doing all we can to ensure that they are taking on local sub-contractors where these are needed. As an example, the demolition framework contains many big, complex contracts but we have broken down the jobs to make smaller jobs that are not as complex, and this can then be advertised locally as a smaller contract. TVCA are actively trying to ensure local labour is used. 20% of the evaluation of all contracts is around local labour and applicants are actively marked on that to encourage labour to be kept within the region. The aim is to create a partnership between FE providers, employment hubs and businesses to try and marry everything up. As an example, Net Zero will, in five years' time, employ people in highly skilled roles. It's therefore essential to train people now to be able to do those jobs when they become available and keep it local rather than having to recruit from outside of Tees Valley.

## **4 SQW Gateway Review**

A report was provided detailing the findings of SQW at their 5 year Gateway Review.

A presentation was delivered to the committee giving an overview of the detail of the report.

Discussion took place around the following topics:

There was no consultation or involvement of the Overview & Scrutiny Committee, or any political figures in the production of the report. It was explained that TVCA was beholden to SQW's approach. The approach was a national level approach and it was led by them. This can be fed back to them for future reference.

The comments raised via the Peer Review, specifically regarding the deployment of the Investment Fund. It was advised that some of the comments in the Peer Review were very broad and it was difficult to get anything more specific from them. It is a function of the way Government have approached how Combined Authorities are provided with funding. They continue to take a siloed approach with money in different pots and this meant SQW were not able to look at the full Investment Plan and see how all interactions work. SQW

commented that they would have liked to look at the whole Investment Plan but this was outside the scope of the review.

The Devolution funding is the flexible cash within the Combined Authority and can be moved around. The amount left in this pot is quite small - does that impact on the way we are able to borrow with this fund? It was advised that TVCA utilise flexibility to deploy resources where they are needed. There are different funding streams, LGF as example, which can also be spent in certain areas. Devolution funding is not the only pot with flexibility. In terms of borrowing this is subject to PWLB and requires a business case to be provided to show how we service the borrowing. The level of borrowing agreed is dependent on funding.

Accelerated expenditure for the airport. We have spent 120% of what we thought we would spend. How much of the 120% has been spent as a subsidy to airlines? The airport has signed commercial contracts, as would any airport. Capital expenditure has been brought forward to enable those contracts. The airport business plan is set over 10 years with milestones within certain timeframes; however, some things are happening sooner, and we need to enable this. We had spent £51.7m to the end of June 2020 against a target of £44m. All spending is however within the 10-year allocation. The proportion used for airline subsidy is not known but can be provided following the meeting.

#### **Action AF**

Investment in the Southside of the airport is not from Devolved funding so where is this funded from? The funding used is from the cash flow in the whole Investment Plan. There is £23.6m allocated for infrastructure work on southside, this is a non-Investment Plan item but funding is taken from Combined Authority cash reserves.

Will there be Scrutiny involvement in the mentioned Challenge Review? The review will be between senior TVCA members and Government direct. There will be a presentation at this meeting so we can include Scrutiny input within this.

Middlesbrough Station has been removed from the funding. What criteria was used to remove it and what impact does this have on funding and targets? SQW originally set a baseline of projects in scope and progress. Middlesbrough station was taken out as the devolution money was replaced with funding from Getting Britain Building Fund. This means we can then take the devolution fund money and spend it elsewhere. The fact that we are demonstrating flexibility can be a benefit in attracting additional funding.

Are the Investment figures shown in the report gross or net figures? The figures are net as they are taken from the business case. The business case is written before any intervention starts so the figures are projections at the outset. The SQW process is similar to the way TVCA report to Cabinet and the SEP and IP works. We monitor investments across 3 categories. Spend - this is monitored while the project is in place. Outputs – this is typically jobs and GVA. Outcomes – which is what happened. We monitor all of these project by project and provide a quarterly Investment Plan report. This report can be brought to the next meeting of the Committee to show how this is monitored. **Action SJ**

There is a figure of 340 jobs created quoted in the report but the covering report quotes over 16,000 jobs. Are we on track to achieve this? The figure of 340 jobs is the number that have been evaluated from TeesAmp and the airport. 340 is the figure only from those specific interventions and what they have achieved over the last 5 years. We are expecting further progress and the number of jobs to continue to rise. The progress report for the projects within the devolution fund shows they are still in a relatively early stage of delivery, so it primarily looks at expenditure rather than outputs. The next 5 year review should focus on the outputs. The expected number of jobs can be provided following the meeting. There are also quarterly reports provided to Cabinet which detail job numbers.

**5 Finance & Resources Sub Committee - Budget Consultation Report**

A report was presented by the Chair of the Finance & Resources Sub Committee on the Budget Consultation process and findings.

The Committee agreed the report to be submitted to Cabinet as part of the Consultation process.

Resolved that the report is agreed and will be provided to Cabinet at their meeting on 29th January.

**6 Delegated Decisions**

A report was provided detailing the Delegated Decisions made by the Combined Authority since the last meeting.

Resolved that the report is noted

**7 Meetings and Forward Plan**

STDC Quarterly reports to be added to the Forward Plan. **Action SJ**

The next meeting will be scheduled for May - date TBC.

Resolved that the detail is noted.

**8 Teesside International Airport - Update & Business Plan**

The Chair passed a resolution to exclude the press and public under paragraph 3 of schedule 12A of the Local Government Act 1972.

A covering report and the airport business plan was provided to the Committee.

**9 Confidential Appendix to Teesside International Airport - Update & Business Plan**

Resolved that the detail of the report was noted.