

Tees Valley Combined Authority Agenda

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Date: Wednesday, 2nd November, 2016 at 10.00am

Venue: Meeting Room 1, Cavendish House, Teesdale Business Park,
Stockton-on-Tees, TS17 6QY

Membership:

Mayor David Budd (Mayor of Middlesbrough Council) (Chair)
Councillor Bill Dixon (Leader of Darlington Borough Council)
Councillor Christopher Akers-Belcher (Leader of Hartlepool Borough
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 Croney (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)

AGENDA

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

The minutes of the meetings of 24th August 2016 for confirmation and signature

- 4. Announcements from the Chair**

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5. Devolution: Progress Report

Report attached

6. Extending the Youth Employment Initiative

Report attached

7. * Expanding Broadband

Report attached

8. Business Engagement and LEP Recruitment

Report attached

9. Appointment of Returning Officer

Report attached

10. Appointments

Report attached

11. Forward Plan

12. Date of the next Meetings

Extraordinary Meeting – 25 November 2016 at 3.00pm
Scheduled Meeting - 21 December 2016 at 10.00am

* = Appendix to the report contains exempt information

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

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).

TEES VALLEY COMBINED AUTHORITY BOARD

**Meeting Room 1, Cavendish House, Teesdale Business Park,
Stockton-on-Tees at 10.00am on Wednesday, 24 August 2016**

ATTENDEES

Members

| | | |
|--------------------------------------|--|-------|
| Mayor David Budd (Chair) | Mayor of Middlesbrough Council | MBC |
| Councillor Bill Dixon | Leader of Darlington Borough Council | DBC |
| Councillor Christopher Akers-Belcher | Leader of Hartlepool Borough Council | |
| Councillor Sue Jeffrey | Leader of Redcar and Cleveland Borough Council | R&CBC |
| 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 |
| Naz Parkar | Member of Tees Valley LEP | LEP |
| David Soley | Member of Tees Valley LEP | LEP |

Apologies for absence

| | | |
|------------------|---------------------------|-----|
| Paul Croney | 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 |

Officers

| | | |
|----------------|---|-------|
| Gill Alexander | Chief Executive of Hartlepool Borough Council | HBC |
| Peter Bell | TVCA / Stockton-on-Tees Borough Council | SBC |
| David Bond | Monitoring Officer (TVCA) | SBC |
| James Bromiley | Redcar and Cleveland Borough Council | R&CBC |
| Ada Burns | Chief Executive of Darlington Borough Council | DBC |
| Garry Cummings | Section 151 Officer (TVCA) | SBC |
| Linda Edworthy | TVCA | TVCA |
| Sharon Jones | TVCA | TVCA |

| | | |
|---|--|-------|
| Neil Kenley | TVCA | TVCA |
| Tony Parkinson | Interim Chief Executive of Middlesbrough Council | MBC |
| Neil Schneider | Chief Executive of Stockton-on-Tees Borough Council | MBC |
| Amanda Skelton | Chief Executive of Redcar and Cleveland Borough Council | R&CBC |
| Martin Waters | Stockton-on-Tees Borough Council | SBC |
| Keith Wilson | TVCA | TVCA |
| | | |
| <u>Also in attendance</u> Councillor Phil Dennis | Stockton-on-Tees Borough Council and Chair of the TVCA Overview and Scrutiny Committee | |

Action

TVCA 44/16 DECLARATIONS OF INTEREST

There were no interests declared.

TVCA 45/16 ANNOUNCEMENTS FROM THE CHAIR

There were no announcements from the Chair.

TVCA 46/16 MINUTES

Consideration was given to the minutes of the meetings held on 7 June, 8 July and 19 July 2016.

RESOLVED that the minutes of the meetings held on 7 June, 8 July and 19 July 2016 be confirmed and signed as a correct record.

TVCA 47/16 UPDATE ON RECENT DEVELOPMENTS

The following updates were given on recent developments:-

Governance Review – Consultation - Feedback

An update was given on the Governance Review Consultation that had been carried out.

The update outlined that an initial analysis had been carried out on the responses that had been submitted. There were some themes that were emerging in the answers and some of those linked closely with local context. There was also a theme around having an elected Mayor and issues involved in that process. There was also a theme around governance more widely and the need to make sure that bureaucracy

was kept to a minimum and the need to make sure that interests were represented properly in the workings of a Mayoral Combined Authority.

With regard to the question on powers the majority of people thought they were about right. Some people thought there needed to be far more checks and balances and some people thought there needed to be less checks and balances.

With regard to the next steps, DCLG were expecting that TVCA provide some feedback by 26 August 2016. A formal report would be provided by 9 September 2016.

Members felt that there was a need to get more information to the public about the powers and responsibilities of the Combined Authority and how an elected Mayor would work closely local authorities.

The next stage would be that DCLG, if they were content with the findings of the consultation would then draw up the legislation which would enact the powers on which TVCA had consulted. A meeting had been requested with the Secretary of State in September to discuss the whole position of devolution.

Given everything that had happened recently with central government Members felt that reassurance was needed from DCLG about the progress of the devolution deal and the commitment that had been made to the TVCA in relation to the offer and to the subsequent offers that had been made. Members would expect to see that reassurance sooner rather than later.

RESOLVED that the update on recent developments be noted.

TVCA 48/16 ESTABLISHING THE TEES VALLEY LAND COMMISSION

Consideration was given to a report on the establishment of a Tees Valley Land Commission.

As reported to the Tees Valley Combined Authority on 7 June 2016 the devolution deal provided for the establishment of a Land Commission (the Commission). In preparing for the establishment of the Commission and to bring forward suggested terms of reference, membership and governance arrangements, preparation work had commenced including the development of a brownfield and surplus public sector land register. Consideration was also given to the possible alignment with the Cabinet Office 'One Public Estate' programme and the opportunity to seek resources to support this work. Finally, a proposed timeline for the establishment of the Commission had been considered. The report therefore presented:-

- Proposals for the Terms of Reference, membership and governance;
- Proposals for alignment with the One Public Estate Programme;
- An update on the development of the brownfield and surplus public sector land register;
- A proposed timeline for the establishment of the Commission.

It was noted that the proposals and recommendations as outlined in the report were based on discussions with DCLG who were providing support in the preparations for the establishment of the Commission.

The aim of the Commission was to maximise the use of brownfield land and land held by Government departments and their agencies to support economic development and housing supply. The proposed terms of reference for the Tees Valley Land Commission were:

- Identify brownfield and surplus public sector land in Tees Valley and prepare a database;
- Work with the Combined Authority and individual Local Authorities to identify and agree priorities;
- Take account of existing analysis, intelligence and plans including the:
Tees Valley Housing Strategy and Action Plan;
HCA / LA Growth Sites analysis 2016;
The revised Strategic Economic Plan;
Local Plans.
- Assess the opportunities to bring forward brownfield and public sector land for development to support economic growth, within the context of local priorities;
- Identify the barriers preventing or delaying brownfield and public sector land being brought forward for development;
- Identify how brownfield and public sector land may better support local investment priorities and economic growth;
- Work in support of the Combined Authority to overcome identified barriers;
- Consider mayoral development corporation powers and make recommendations to the Combined Authority on any sites that may be better brought forward through such a vehicle;
- Consider opportunities and make recommendations to the Combined Authority on the potential of strategic development approach to smaller infill sites by working with and supporting the SME sector;
- Where appropriate make recommendations to the Mayor, Combined Authority and Government to ensure development opportunities are brought forward and the value of land assets are retained locally and utilised to support the local economy and investment requirements.

It was important to note that the Commission would undertake analysis and assessment to identify opportunities and barriers and based on this assessment make recommendations to the Combined Authority and to asset owners. The Commission therefore would not have any powers to determine decisions on brownfield and public sector land.

In fulfilling its remit the Commission would also need to take account of existing analysis, intelligence and plans including but not exclusively the:

- Tees Valley Housing Strategy and Action Plan;
- HCA / LA Growth Sites analysis 2016;
- The revised Strategic Economic Plan;
- Local Plans.

Membership of the Commission would need to reflect the interests of the Tees Valley Combined Authority, the Government, the key public sector landholders and potentially private owners with significant brownfield landholdings.

Dialogue had taken place with DCLG regarding establishing the membership of the Commission and a process agreed. With the support of the Cabinet Office Government Property Unit, DCLG would work with TVCA to facilitate the identification and appointment of senior civil servant / officer representation for the key public sector landholders to form the bases of a working group to support the commission. This was dependent upon the completion of the brownfield and public sector land register that was being prepared. Once the register was completed, the key public sector landholders would be identified and dialogue would then take place with the relevant Government departments and their agencies. It was expected that this process would take place over the summer/autumn 2016.

The proposed membership of the Commission, in part would be subject to completion of the register and the identification of key landholders, however the following was proposed as a starting point for the Commission and working group:

Commission

- Elected Mayor, Tees Valley Combined Authority (Chair) – TVCA Chair as interim
- Relevant Portfolio Leads, Tees Valley Combined Authority– TBC
- Government Minister/s, and/ or Senior Civil Servant representing cross government interests
- Senior HCA Representative
- Lead TVCA Officer

Working Group Supporting the Commission (Note, Working Group members should attend the Commission when matters relating to assets under their ownership were under review).

- Combined Authority and Tees Valley Local Authorities Officers - TBC
- Department for Communities and Local Government – TBC
- Cabinet Office Government Property Unit – TBC
- Department for Transport – TBC, dependent on landholdings identified
- Department for Education - TBC, dependent on landholdings identified
- Department of Work and Pensions - TBC, dependent on landholdings identified
- Department of Health - TBC, dependent on landholdings identified
- Ministry of Justice - TBC, dependent on landholdings identified
- Ministry of Defence - TBC, dependent on landholdings identified
- Department of Business, Innovation & Skills - TBC, dependent on landholdings identified

- Homes & Communities Agency - TBC, dependent on landholdings identified
- Network Rail - TBC, dependent on landholdings identified
- Highways Agency - TBC, dependent on landholdings identified
- Significant private landholders - TBC, dependent on landholdings identified

Membership would be subject to formal agreement by both the Tees Valley Combined Authority and DCLG.

The Commission would be directly accountable to the Tees Valley Combined Authority and operate in an advisory capacity, reporting progress and making recommendations as appropriate. The Combined Authority would determine the terms of reference for the Commission and agree its membership. Where appropriate the Commission would seek the support of the Combined Authority in securing Government intervention to overcome barriers.

Any future proposals regarding the delegation of decision making powers to the Commission would need to be agreed in advance by the Tees Valley Combined Authority.

It was also proposed that, on an annual basis, the Combined Authority reviewed the ongoing need for the Commission and the extent of its remit.

In preparing for the establishment of the Land Commission, and as an interim measure, resources to date had been provided through contributions from the five Tees Valley local authorities. These interim resources should be sufficient for the establishment of the Commission; however, its ongoing resource requirements would need to be funded through the Combined Authority. DCLG had confirmed that additional Government funding for the Commission was unlikely and the expectation was that it would be funded through local resources.

In fulfilling its remit the Commission would need to undertake selected site assessments and evaluations to fully understand the opportunities, barriers and options for bringing forward development and making best use of asset values to support economic growth. In addition, the Commission would require dedicated officer resource to manage its programme of work. Finally, the Commission would require secretariat resource.

The Managing Director was undertaking a review of Combined Authority capacity and future resource requirements.

Potentially, some of this resource requirement might be offset by the alignment of the One Public Estate programme and associated funding.

One Public Estate (OPE) was a pioneering initiative delivered in partnership by the Cabinet Office Government Property Unit (GPU) and the Local Government Association (LGA). It provided practical and technical support and funding to councils to deliver ambitious property-focused programmes in collaboration with central government and other public sector partners.

OPE partnerships across the country had shown the value of working together across the public sector and taking a strategic approach to asset management. At its heart, the programme was about getting more from our collective assets – whether that was catalysing major service transformation such as health and social care integration and benefits reform, unlocking land for new homes and commercial space, or creating new opportunities to save on running costs or generate income. This was encompassed in four core objectives:

1. Creating economic growth (new homes and jobs)
2. More integrated, customer-focused services
3. Generating capital receipts
4. Reducing running costs.

OPE began as a pilot programme with 12 pilot areas in 2013. In 2014, a further 20 pilots were successful in joining the programme. Together, these 32 partnerships had shown that with the right expertise and support, a small investment can unlock significant benefits in service transformation, local growth and efficiency savings. In December 2015, the Government announced a major expansion to the OPE programme. Backed by £6 million funding announced at the Summer Budget 2015, 107 local authorities working in 24 partnerships successfully joined the programme. These partnerships had developed a wide range of land and property-focused projects. Together they expected to deliver 16,500 new homes, 36,000 new jobs, raise £138 million in capital receipts and save £56 million in running costs over the next five years.

GPU were looking to build a national programme on the successful foundations of earlier pilot phases. This meant new partnerships would continue to record and map assets, establish property boards to bring together public sector partners, and agree and implement joint projects. They also retained the philosophy of cross-public sector working on land and property to unlock major service transformation and/or economic growth priorities locally. GPU were inviting partnerships to apply, putting forward ambitious and credible work programmes to be delivered in collaboration with other public sector partners in the area. For partnerships to deliver an ambitious and credible programme of work, GPU were offering:

- Funding of up to £500,000 per partnership to: build effective partnerships and/or capacity in your area; fund project management expertise to drive and coordinate across your programme; support partners to unlock progress on more complex or ambitious projects; optimise outputs where, for example, a large central government site is released.
- Practical LGA and GPU support including barrier-busting and sharing good practice.
- Technical support from analysts and data experts, including on recording, mapping and benchmarking.
- Access to senior central and local government experts.
- Access to a Ministerial Star Chamber to help overcome barriers to delivery.
- Facilitated Opportunities Workshops to identify new projects to

take forward.

- Continued development of government policy to assist local delivery.
- A pool of experts to provide additional support and capacity, for example on master-planning, feasibility work, business case development, cost evaluation, etc.

Discussions had taken place with the Cabinet Office Government Property Unit and an application to join the OPE programme from the Tees Valley Combined Authority was being encouraged. The programme provided the opportunity to access the funding and support on offer, align this resource to support the remit of the Land Commission in bringing forward land to support economic growth. The Cabinet Office Government Property Unit endorsed an approach that sought the alignment of the OPE programme and the remit of the Land Commission. It was planned that the next round of applications would open in September with an expression of interest deadline of 7 October 2016. If successful an award of up to £50,000 would be made to develop the full submission (to be submitted 16 December 2016). If the final application was successful Tees valley Combined Authority would join OPE and be awarded up to £500,000 to deliver the programme (successful applications to be announced 27 January 2017).

In establishing the Commission a brownfield and surplus public sector land register was required. With the support of land specialists work had been completed to review existing data sources and develop proposals for the creation of a Tees Valley brownfield and public sector land register.

Work had commenced on the next phase which was to create the land register in advance of the Commission being established. Working with DCLG and the Cabinet Office Government Property Unit TVCA were engaging with Government departments and their agencies on the data collection. The aim was to have the land register completed by September 2016, which would be in advance of an inaugural meeting of the Commission.

The proposal was to formally establish the Land Commission in autumn 2016. In part, this would enable emerging findings regarding the use of mayoral development corporation powers to be considered in advance of the mayoral election in May 2017. Emerging findings would also support the development of proposals regarding devolution of housing funding and the creation of an investment pipeline.

Members were given the opportunity to ask questions and make comments on the report. These questions and comments could be summarised as follows:-

- Differences between the Land Commission and the role of the South Tees Development Corporation needed to be made clearer, how they sat together, how they worked together and where the overlaps were.
- Would the South Tees Development Corporation land be included in the Land Commission remit and where was that discussion taking place?

Officers made the following comments in response to some of the issues that had been raised by Members:-

- The Land Commission would be focused on the land across the whole of the Tees Valley with analysis and assessment of that land. The Land Commission would not be a delivery vehicle or delivery mechanism. Development Corporation powers were the delivery vehicles.
- The Land Commission would be more of a task and finish body, making recommendations to try and bring leverage and pressure to make better use of land, overcoming barriers particularly around the national public sector stock.
- In terms of Mayoral Development Corporation powers, South Tees had been agreed and was progressing and had not been put on the back burner.
- For using Mayoral Development Corporation powers which only had powers around redline for sites identified when the powers are triggered.
- Outside of the South of the Tees there was a piece of work to be done to identify where there would be value in doing that across the Tees Valley. Part of that identification process was through the Land Commission, it might identify strategic sites or cross boundary sites.
- Between now and the end of the calendar year there would be work done with individual local authorities to ask them where they saw the strategic sites or portfolio of sites and how they see Mayoral Development Corporation powers being effective. The intention was then to produce a business analysis / business case for using those powers outside of the South of the Tees for recommendations to the newly elected Mayor.
- Because it had been agreed that the South Tees Development Corporation would deal with the land there would be no added value for the Land Commission to consider that land.
- The Land Commission would not try to deliver all surplus brown field land across the Tees Valley, it would try to add value, provide an evidence base and give additional leverage where needed.

RESOLVED that:-

1. The Tees Valley Land Commission Terms of Reference as set out in paragraph 2.1 be approved.
2. The interim appointment of the current TVCA Chair as interim Chair of the Tees Valley Land Commission be approved.
3. Other authorities be invited to identify a lead member to join the Tees Valley Land Commission.
4. The Lead Chief Executive and TVCA Managing Director to establish the necessary working group arrangements.
5. The proposed governance for the Tees Valley Land Commission be approved.
6. A detailed Land Commission resource plan be developed as part

of the wider review of Combined Authority capacity.

7. An expression of interest be submitted to join the One Public Estates programme. The approval of the expression of interest document be delegated to the Managing Director, in consultation with the appropriate portfolio holder in advance of submission.
8. The progress in preparing the brownfield and public sector land register be noted.
9. The plan to establish the Tees Valley Land Commission in autumn 2016 be approved.

TVCA 49/16 IMPACT OF BRITISH WITHDRAWAL OF MEMBERSHIP FROM THE EUROPEAN UNION

Consideration was given to a report on the Impact of British withdrawal of membership from the European Union.

Attached to the report was a policy note that identified the possible implications for economic development in the Tees Valley of the recent referendum decision for the withdrawal of British membership of the European Union ('Brexit').

The proposed movement away from full membership of the European Union (EU) would have impacts on the following economic development functions:-

- **Funding/Investment support:** Tees Valley was the second largest recipient per head in England of European Structural Funds (£245 per head, Cornwall: £920). Unless replacement funds were secured there was potential for the loss of £131m (total allocation of £170m) of direct financial support to the Tees Valley region. However the announcement by HM Treasury of supporting all projects which had been 'signed off' prior to the Autumn Statement potentially meant that Tees Valley's £14m Business Compass programme should secure funding;
- **Regulatory Environment:** Dependent on the type of trading relationship the UK had with the EU would determine the UK's ability to freely set the type and level of support on offer to businesses and the degree to which UK environmental policy might vary from European environmental regulations. There was however an opportunity to amend existing UK competition policy and provide additional support aimed at enhancing the productivity / international competitiveness of strategically important industrial sectors;
- **Exporting and foreign direct investment:** The North East (including Tees Valley) exported more goods to the EU than any other UK region. This position was further compounded by the high levels of Foreign Direct investment attracted to the region as a potential entry point to the Single European Market. There was a need to address two issues:

Ensure continued access to core European markets for priority sectors

such as chemicals and advanced manufacturing; and
Develop new trading arrangements and support for Tees Valley firms in diversifying international trade activity to faster growing non-European markets.

- Attraction and retention of talent: At present, in-migration by European nationals was approximately 1,000 per year. Many people had concerns regarding high levels of immigration, particularly its impact on access to low skilled jobs. However, curbs on migration might lead to a short term reduction in the skilled workforce and exacerbate existing and projected skills gaps, particularly in priority sectors. In addition, it might lead to a reduction in the number of international students attending Tees Valley's various higher and further education institutes. Aside from the financial bonus such students bring to the region, there might be a reduction in other in-kind benefits, including:

The boost to external demand as a consequence of increased familiarity with locally produced goods;

Increased tourism revenues for returnees and/or their families; and

Increased international awareness of the Tees Valley as a place to live, work and play.

- International knowledge transfer: There was the potential that Tees Valley universities and research bodies might have restricted access to European research programmes such as Horizon 2020.

Members were given the opportunity to ask questions and make comments on the report. These questions and comments could be summarised as follows:-

- In terms of the attraction and retention of talent do you envisage it would be significantly more challenging to recruit to higher skilled positions?
- In terms of further and higher education the impact would be fairly limited as many of the international students come from countries outside of the EU.
- The issue of £131 million potential loss of EU funding was of concern to Members. Government needed to give the Tees Valley guarantees that schemes would still proceed.
- With regard to the Industrial Strategy that was being negotiated, what was that? What did that look like? What was the TVCA role in that? TVCA should be preempting this by preparing an Industrial Strategy rather than waiting to be asked.
- How was the Tees Valley voice being represented in the Brexit negotiations?
- TVCA needed to consult with the local business community to discuss what the best outcome would be for them.

Officers made the following comments in response to some of the issues that had been raised by Members:-

- With regard to the attraction and retention of talent it was hard to estimate at this moment in time as it was not known if there would be any constraint on migration into the region. It would be

very hard to plan over the next 3 to 5 years for medium to long term labour planning. Some of the higher skilled positions couldn't be sourced locally at present so it was a case of signposting this element of risk at the present.

- Many students did come from outside of the EU but the perceptions of the UK and the Tees Valley needed to be considered. The message needed to get out that the UK and the Tees Valley were open for business and inward investment which would ensure the attraction of talent.
- It was hoped the LGA would have a seat round the table during the Brexit negotiations.
- The TVCA was committed to producing some sector action plans resulting from the detail that the SEP contained.
- Understanding how the TVCA delivered the new additional 25,000 jobs. Part of that work was working with businesses to understand what the challenges and opportunities were to achieving that and what role the TVCA could play.

RESOLVED that the Combined Authority:

Funding:

1. Secure from Central Government ring-fenced funding for the region comparable in scale and range of support to that previously supported under the European Structural and Investment Funds.

Regulatory Environment:

2. Ensure that the emerging British Industrial Strategy recognises the strategic importance to national competitiveness of Tees Valley's priority sectors and develops additional support aimed at mitigating constraints to those strategically important industrial sectors.

Exporting:

3. Consult with local businesses to assess the impact of Brexit on existing trade and identify emerging markets; and
4. Identify target markets and develop additional wraparound support for emerging market opportunities.

Foreign Direct Investment:

5. Establish sector strategies for key industries, developed in collaboration with business, with a particular focus on maintaining and developing the supply chain, to encourage investment in those areas which will most benefit industries in which the UK has existing strengths; and
6. Implement policies that support an attractive investment climate, in particular investing in adequate new transport infrastructure, investing in sufficient generating capacity to provide affordable power and ensuring the planning regime is fit for purpose.

Attraction and Retention of Talent:

7. Work with local industry to assess emerging skills demands and to signpost skills gaps to Central Government to inform subsequent migration targets;
8. Work with all local Higher and Further Education Institutes to ensure that sufficient numbers of foreign students can access further and higher education opportunities in the Tees Valley area; and
9. In liaison with local authorities and the community and voluntary sector work with the local community and recent and long established migrants to signpost the scope and scale of emerging opportunities and how they can best access them.

International Knowledge Transfer:

10. Work with local Universities and research bodies to assess current Horizon 2020 and other transnational programme commitments and identify any emerging constraints to future access

TVCA 50/16 RESPONDING TO LORD HESELTINE'S REPORT ON THE TEES VALLEY

Consideration was given to a report on the publication of Lord Heseltine's report on the Tees Valley and made recommendations on how best to exploit the opportunity offered by it.

Lord Heseltine's independent report "Tees Valley: Opportunity Unlimited" was published and launched on 7 June. At the meeting on the same day Members made a number of suggestions on how to capitalise on the opportunity offered by publication.

The report set out a bright future for the Tees Valley. During his work, Lord Heseltine said repeatedly that he was very impressed with the progress that was being made in Tees Valley following the economic shocks of the past year and with the leadership shown by the Combined Authority, local authorities and partners. In his report he said:

"I make no apology for indulging in mission creep. It is the only way I can adequately salute and praise the transformation that is taking place in the Tees Valley" (introduction to the report)

and

"I have been hugely impressed with the number of people in local government, the public and private sectors who are determined to lead this new opportunity" (introduction to the report).

The report made recommendations in seven key areas:

- Industrial regeneration;
- Growth opportunities and wider regeneration;

- Education, employment and skills;
- Energy economy;
- Housing;
- Transport Infrastructure; and
- Leisure, environment and tourism.

An analysis of the Heseltine report had taken place against the revised Tees Valley Strategic Economic Plan (SEP). This had demonstrated that the Heseltine report and the SEP were largely complementary – just as hoped, having worked closely with the team on the publication of the Heseltine report. In many cases the Heseltine recommendations echoed things which were already underway or were planned. In these cases the recommendations gave extra force to the proposals and might help to lever in additional support where that was required.

The full set of recommendations and suggested responses were attached to the report. Where the recommendation was directed at a third party or Government an action was set to ensure that the recommendation was delivered.

The proposal to stage a major conference in the Tees Valley had been made in a number of different contexts. Lord Heseltine recommended the idea of a conference; before that it was discussed as part of the devolution deal and Government undertook to support such a conference.

Having considered the options, the report outlined that the best option was one which set out the progress being made in Tees Valley across a variety of fronts – devolution; regeneration; and the circular economy. Building on Lord Heseltine’s view that Tees Valley could be marketed more strongly and the conference could be used to showcase successes and attractiveness as a place to live and work to a wider audience.

Members were given the opportunity to ask questions and make comments on the report. These questions and comments could be summarised as follows:-

- The content and audience of the conference needed to be right.
- Members would like a further report giving the scope of the conference, potential costs, how it was going to be developed and resourced

RESOLVED that:-

1. The publication of Lord Heseltine’s report and the actions that are taking place in response to the report be noted.
2. A further report be prepared on the developing of a major conference in the Autumn to publicise the progress on devolution in the Tees Valley and to mark the opportunity offered by the Heseltine report.

TVCA 51/16 EXCLUSION OF THE PUBLIC

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

TVCA 52/16 LOCAL GROWTH FUND – SKILLS CAPITAL PROGRAMME

Consideration was given to a report on the recent process to invite activity to come forward in relation to the skills capital element of the Local Growth Fund Programme.

RESOLVED that the following projects for entry in to the Local Growth Fund Programme be approved subject to formal due diligence:

- Redcar & Cleveland Borough Council: Kirkleatham Catering Academy (£2.4m LGF);
- Stockton Riverside College: NETA Skills Centre (£0.824m LGF); and
- Hartlepool College of Further Education: Skills Enhancement – Telecare and Electric Vehicles (£0.130m LGF).

TVCA 53/16 FORWARD PLAN

Consideration was given to the TVCA Board Forward Plan.

RESOLVED that the TVCA Board Forward Plan be noted.

TVCA 54/16 DATES OF THE NEXT MEETINGS

The date of the next meeting on 2 November 2016 was noted.

AGENDA ITEM 5

REPORT TO THE TEES VALLEY COMBINED AUTHORITY

DATE 2ND NOVEMBER 2016

REPORT OF THE MANAGING DIRECTOR

DEVOLUTION – PROGRESS UPDATE

SUMMARY

This report updates the Combined Authority on progress in the implementation of the Tees Valley's devolution deal.

RECOMMENDATIONS

To note the progress being made, and consider priorities for further development.

DETAIL

1. It is now one year since the Tees Valley Leaders signed the Devolution Deal with government. This note very briefly takes stock of recent developments.
2. In summary:
 - Leaders and the Chair of the LEP held a positive meeting with the Secretary of State, Sajid Javid MP, on 20th October. Discussion centred on the opportunities arising from the Tees Valley Devolution Deal. The leaders sought, and received, assurance about the government's continued commitment to devolution, and the opportunities for Tees Valley to gain preferential access to investment in local growth and job creation. There was also discussion about future opportunities for devolution; including on cultural development, to deliver faster growth of housing, to deliver our transport priorities, and to enhance the Tees Valley's involvement in employment and skills programmes.
 - Following the Brexit vote on 23rd June, the Combined Authority has been working to ensure continuity of funding for programmes benefiting from £170 million in EU funding for the Tees Valley. Following guarantees provided by the Chancellor, we can now continue to deliver this programme up to the point the UK leaves the EU. Beyond this point, new arrangements will need to be established, to avoid a significant loss of future funding following Brexit.
 - Following consultation over July and August, the proposed governance scheme has been submitted to the Secretary of State, and we understand has been supported by him. The government will now bring forward various statutory orders covering governance, financial management and scrutiny. Some of the Orders will apply to all Combined Authorities with devolution deals. A specific Order amending the powers and governance of the Tees Valley Combined Authority will require approval by each Council, and by the Combined Authority itself at its next meeting.

- Reflecting the new statutory framework, the Combined Authority is developing a new constitution, to ensure that appropriate checks and balances are in place for the new mayoral arrangements. Following discussion with members from each of our constituent councils, and further clarity on the new legal framework, a draft Constitution will be brought forward for agreement by Leaders.
- The Overview and Scrutiny Committee is now established. The Chair and Managing Director attended and answered questions at its first meeting, and a work programme is now being established for future scrutiny enquiries.
- Following government approval to our financial assurance framework, the Combined Authority has secured the first £15 million allocation, as part of the 30 year commitment entered into under the devolution deal. Proposals will be brought forward for investment of this funding in priority areas; including broadband provision, cultural development, educational performance and youth unemployment.
- Discussions continue with government departments to resolve the detailed arrangements for devolution of responsibilities. These include discussions with the Department of Education and Skills Funding Agency to prepare for the devolution of the adult education budget from 2018; with the Homes and Communities Agency on the enhanced delivery of programmes for housing growth; and with the Department of Work and Pensions to enhance local influence over the Work and Health Programme.

FINANCIAL IMPLICATIONS

Financial implications will be identified as individual proposals for devolved responsibilities are brought forward.

LEGAL IMPLICATIONS

The devolution deal requires various new statutory provisions, which are being developed in discussion with DCLG

RISK ASSESSMENT

Risk management implications will be identified as individual proposals for devolved responsibilities are brought forward.

CONSULTATION

The governance arrangements for devolution were subject to consultation over summer 2016.

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Background Papers: Summary Report on the Governance Consultation

AGENDA ITEM 6

REPORT TO THE TEES VALLEY COMBINED AUTHORITY

DATE 2nd November 2016

**REPORT OF: Director of Strategy and
Investment**

EXTENDING THE YOUTH EMPLOYMENT INITIATIVE

1. SUMMARY

1.1 The Tees Valley Youth Employment Initiative (YEI) Programme, began delivering earlier this year. Total contracted allocations of YEI/ESF amount to £19,837,962, leaving £3,094,308 of our overall YEI award (£22,932,000) unallocated. Some additional YEI/ESF monies may also be available from a central pot held by DWP.

2. RECOMMENDATIONS

2.1 TVCA is asked to approve the provision of up to £2.06m of TVCA funding to act as the 25% match as part of the overall programme budget. This would secure up to an additional £6.188m of YEI/ESF investment for young people within the area. Additional young people (aged 15-29) who are not in education employment or training (NEET) will gain skills and behaviours required to progress towards work.

3. DETAIL

3.1 The Youth Employment Initiative (YEI) is a European Funding initiative which was allocated in 2014 and is only available to a handful of areas where there is a history of high levels of unemployment in young people. A significant allocation of YEI funding was awarded to the Tees Valley, Co Durham (but not to the rest of the North East), Liverpool and London. However, in order to draw down the funds, YEI needs to be equally matched with European Social Fund (ESF) and also with external match funding which represents 25% of the overall total programme costs.

3.2 DWP carried out an Open Call exercise in 2015, as a result of which, the majority of the YEI/ESF budget for this area was contracted to two lead organisations, Hartlepool Borough Council (on behalf of the five Tees Valley local authorities and a number of other partners) and New College Durham (working with a number of housing providers). They each operate two separate delivery programmes using a wide range of individual delivery partners to cover the whole of the Tees Valley. All programmes dovetail together and there is regular use of cross-referrals between organisations where appropriate, to give a thorough coverage to suit individual needs. Whilst still early days for delivery results, feedback so far is that both lead providers have made a positive start.

| Contract Holder | Provider 1 | Provider 2 | Total |
|---|------------|------------|-------|
| Number Engaged | 1385 | 971 | 2356 |
| Completing a supported intervention | 174 | 773 | 947 |
| Receiving an offer, or in training, education or work | 187 | 431 | 618 |

(NB: These figures represent a quarter and a half's activity for one of the YEI Contract holders and only the first quarter for the other, who started later. This data has been supplied voluntarily by the providers themselves and has not yet been formally verified and published by DWP.)

3.3 The above programmes were initially awarded contracts totalling £19,837,692, from the full Tees Valley YEI/ESF allocation of £22,932,000, with the balance of £3,094,308 remaining unallocated. This was mainly due to the fact that proposals (from the four bids that were approved to full business case) were unable to utilise all the funds available as a result of a lack of the necessary match funding. The match funding required to access this remaining balance, would be £1,031,000. The operational period for providers to utilise YEI funding closes at the end of July 2018 (with DWP required to complete their full accounting by December 2018) hence there is an urgency to secure commitment of the outstanding funds as soon as possible.

3.4 Despite significant efforts to address this, DWP have not made the unallocated resources available to other projects and are now taking it back to the centre, together with all YEI uncommitted resources from other areas, for consideration. This could result in the uncommitted Tees Valley YEI being lost to the area. Given the scale of need to address those not in education, training or employment (NEETS) in Tees Valley which prompted the overall award, it would be very disappointing to now lose this funding. It is therefore recommended that the devolution funds should be utilised to secure this balance of funding.

4. PROPOSAL

4.1 To secure the full uncommitted Tees Valley resource (£3,094,308) would require £1,031,436 locally as match. Based on additional match funding of £1.03m an additional 2,000 (minimum) young people (aged 15-29) who are not in education employment or training (NEET) will be provided with the opportunity to gain the skills and behaviours required to progress towards work. However, there is also potential to access additional YEI funding that cannot be utilised elsewhere in the country, for example we understand that London has committed very little of their allocation. A case will also be developed to put to DWP as soon as possible as they will be considering the use of all uncommitted YEI during the autumn. Funds would be committed from the 2016/17 allocation but would be available in line with the YEI funding through to end of July 2018.

4.2 We have been asked by DWP to talk to the existing providers (New College Durham and Hartlepool Borough Council) about their ability to utilise the remaining Tees Valley YEI allocation and associated ESF match. The reason that the two providers were unable to take up the full allocation at the outset was the lack of available match funding, therefore

making the local match available through the devolution funds would remove this barrier. Both providers have now been made aware of the potential opportunity for additional funding and the associated requirement for additional outputs. Should funds become available, both lead providers have confirmed that they would be prepared to increase their delivery operations to draw down the additional funding.

4.3 DWP has also suggested that a further open call could be developed to identify appropriate delivery. However, due to the timescales for delivering the activity and achieving full spend by the end of July 2018, an open call process would leave very little time for new delivery partners to achieve a real impact. Therefore, the preference is to work with the existing providers to fund appropriate additional activities.

4.4 If TVCA Board is happy to agree to the above proposal, we will ask each provider to come forward with proposals, in the next two weeks, to either increase activity where it is already demonstrating positive impacts, or to identify new activity that wasn't able to be supported in the original programme, due to the lack of available match funding. These would then be put forward to DWP who will be requesting the approval of Treasury to secure additional YEI/ESF funding for the Tees Valley.

5 FINANCIAL IMPLICATIONS

5.1 Financial implications for TVCA would involve the commitment to provide up to £2.06m of TVCA Investment Plan funding to act as the 25% match as part of the overall programme budget. This would secure up to an additional £6.188m of YEI/ESF funding for the Tees Valley area, with all funding to be spent by July 2018.

6 LEGAL IMPLICATIONS

There are no specific legal implications.

7 RISK ASSESSMENT

7.1 As this is a European Funding Programme, there are the usual risks associated with all EU programmes, i.e. of 'Claw-back' of EU funding should audits prove any expenditure to be ineligible if it is not in keeping with the conditions of the funding provision. For the current YEI programme element which is led by Hartlepool Borough Council there is a risk share agreement with the other LA's. Consideration is therefore needed for this to be extended to cover increased risk associated with the additional spend & volume of activity.

7.2 We would prefer to ask existing programme providers to increase their activities and capacity to take on additional customers, rather than expecting new providers to come into the area and start off new activities, which would take additional time and therefore reduce overall effectiveness. This method therefore has a lower risk of underachievement. The respective delivery partners are already funding delivery of this programme in advance of receipt of payments from DWP, as no payments have been made to date, due to DWP accounts processing problems. DWP have said that they expect to be able to remedy this and make payments by the time that the next claim is due, at the end of December 2016.

8 CONSULTATION

Consultation is considered to be unnecessary

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Background Papers (Unpublished documents that have been relied on, to a material extent, in preparing the report and do not include sensitive information. If there are any such documents, which is likely to be rare, the author of the report should arrange for any such document(s) to be published on behalf of the TVCA and be available for inspection at the TVCA Offices)

- PLEASE NUMBER EACH PAGE OF THE REPORT AND ANY APPENDICES.
- EACH APPENDIX SHOULD BE REFERRED TO IN THE REPORT AND HIGHLIGHTED IN **BOLD PRINT**.
- ON COMPLETION OF THE REPORT PLEASE ENSURE THAT ALL TEXT IS BLACK AND THIS PAGE IS DELETED

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)

AGENDA ITEM: 7

**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY**

DATE October 2016

**REPORT OF Director of Strategy &
Investment**

EXPANDING BROADBAND

SUMMARY

This decision paper marks the completion of Phase 1 of the rollout of superfast broadband under the Broadband Delivery UK (BDUK) project and the recommended next steps before potential commencement of Phase 2 and subsequent planning for Phase 3.

The BDUK contract in Tees Valley is currently delivered by BT under contract to Digital Durham.

Phase 1

Phase 1 of the project has been delivered within budget and although only 89 out of 93 cabinets were enabled, a total of 15,556 premises (original target 11,000 premises) now have access to broadband which equates to 93.1% coverage. This relates to a cost per premise of £89.99 which when benchmarked to other market providers¹ offers value for money.

Phase 2

BDUK has a target of 95% coverage of UK premises by 2019/2020. At the end of Phase 1 93.1% of Tees Valley premises potentially have access to superfast broadband, meaning that there is an approximate gap of 1.9% (which equates to 5,920 premises out of a total of 311,600 for the region) with only Hartlepool having exceeded the target. **There is consequently a need for a second phase of the BDUK programme in Tees Valley.**

Two Options for delivery of Phase 2:

- Existing Phase 2 Option; and
- Enhanced Phase 2 Option.

Existing Phase 2 Option

The table below reflects the existing submission (in terms of outputs) to BDUK for the possible delivery of Phase 2 (Due to commercial sensitivity the budget is contained in Appendix A):

| | DBC | HBC | MBC | RCBC | SBC | Tees Valley |
|-------------------------|-------|-----|-------|-------|-------|-------------|
| Additional coverage (by | 2,520 | 0 | 2,380 | 2,610 | 3,970 | 11,680 |

¹ Virgin Media calculate that the breakeven point for connection is circa £500 per household.

| | | | | | | |
|-----------------------------------|-----|-----|-----|-----|-----|-----------|
| premise) | | | | | | |
| Coverage post Phase 2 (2019/2020) | 96% | 95% | 97% | 98% | 98% | Circa 97% |

Enhanced Phase 2 Option

The enhanced Phase 2 Option has been developed to reflect identified good practice in County Durham (with its enhanced budget and aim to get 98.1% coverage at the end of Phase 2 and (almost) 100% coverage at the end of Phase 3 (utilising enhanced gain-share)) and the new financial opportunities afforded by the Devolution Deal.

The table below summarises the two options:

| Headings | Existing Phase 2 Option | Enhanced Phase 2 Option |
|--|-------------------------|-------------------------|
| Outputs: | | |
| Total Number of premises to be enabled | 11,680 | 15,072 |
| Percentage coverage at end of Phase 2 | 97% | 98.1% |
| Anticipated Take Up Rate | 20% | 30% |

Due to commercial sensitivity the delivery costs of the existing and enhanced Option 2 models are detailed in Appendix A.

RECOMMENDATIONS

It is recommended that the enhanced Phase 2 is progressed and funded from the Tees Valley Investment Programme (no financial contributions from composite Tees Valley Councils), subject to the following conditions:

- Digital Durham produce a comprehensive list of cabinets to be enabled and a clear timeline for their delivery; and
- A detailed marketing/promotional plan is put in place that ensures Tees Valley meets the requisite gain share target for both Phase 1 and Phase 2.

DETAIL

This decision paper marks the completion of Phase 1 (of 3 phases²) of the rollout of superfast broadband under the Broadband Delivery UK (BDUK) project and the recommended next steps before potential commencement of Phase 2 and subsequent planning for Phase 3.

Phase 1

BDUK were allocated £530m by Central Government in 2011 to bring superfast broadband coverage to over 90% of UK premises and a minimum of 2 megabits per second (mpbs) to all areas by 2015, focusing upon areas where commercial providers would not otherwise invest.

Digital Durham is the umbrella body for the BDUK programme across Durham, Tees Valley, Gateshead and Sunderland. It is a combined £25m programme, with 133,000 premises to be enabled in Phase 1, taking coverage to 94% by 2016. Digital Durham manages: procurement, finance and administration, as well as the relationship with the provider, BT.

² Phase 1 aims to provide by 2016 93 cabinets at a cost of £1.44m and ensure coverage of 93.1% of premises, Phase 2 aims to ensure broadband coverage to 97% of premises by end of 2017. A subsequent Phase 3 will be funded from gainshare and will address the remaining gaps in provision.

Tees Valley made a financial contribution of £770k³, with £770k of match funding from BDUK to deliver Phase 1. The anticipated outputs for Tees Valley under Phase 1 were: 93 cabinets enabled covering 11,000 premises by June 2016.

Delivery of Phase 1

Phase 1 of the project has been delivered within budget and although only 89 out of 93 cabinets were enabled, a total of 15,556 premises now have access to broadband, which equates to 93.1% coverage. This relates to a **cost per premise of £89.99**, which when benchmarked to other market providers⁴ **offers value for money.**

However, the delivery process has brought to the fore a number of ongoing needs, including:

- Although BDUK used postcodes to identify which premises would gain access to broadband via the enablement of a specified cabinet, this did not provide comprehensive coverage. Technical limitations in the process meant that certain premises were not covered by the nearest cabinet, with the result that **although the postcode was recorded as being enabled, sometimes sizeable numbers of properties were not connected;**
- **Overall take up rate for Tees Valley is 19.39% just short of the overall 20% needed for gainshare⁵.** Tees Valley currently trails the other Council areas in the contract in terms of take up, most notably Durham at 27.86% and Gateshead at 20.26%. However, these areas differ from Tees Valley in two ways:
 - Durham cabinets were enabled earlier in the programme period. Given that a significant proportion of householders are on 2 year contracts, this means that Durham had a greater timeframe for transfer to new contracts; and
 - Additional marketing and promotion budget aimed at enhancing take up was delivered by Digital Durham.

Although the capital investment stage of Phase 1 is now complete, promotional activity aimed at encouraging take up is strongly recommended prior to overall Phase 1 closure in December 2016.

It is recommended that Digital Durham, guided by Tees Valley undertake focused promotional activity to ensure that each Council area meets the 20% take up threshold which brings access to gain share monies to support the subsequent funding of Phase 3. The focused promotional activity should be targeted not only at residential areas, but also at the commercial priorities previously identified by Tees Valley.

Phase 2

BDUK has a target of 95% coverage of UK premises by 2019/2020. The table below illustrates that at the end of Phase 1 93.1% of Tees Valley premises potentially have access to superfast broadband coverage of premises, meaning that there is an approximate gap of 1.9%.

| | DBC | HBC | MBC | RCBC | SBC | Tees Valley |
|--------------------------|--------|--------|--------|--------|--------|-------------|
| Total number of premises | 52,000 | 45,000 | 64,000 | 65,000 | 87,000 | 312,000 |
| Remaining | 47,400 | 42,700 | 59,700 | 60,600 | 80,800 | 291,000 |

³ This included £320k from Darlington Borough Council, £30k from Hartlepool Borough Council, £200k from Middlesbrough Borough Council, £520k from Redcar and Cleveland Borough Council, £470k for Stockton Borough Council.

⁴ Virgin Media calculate that the breakeven point for connection is circa £500 per household.

⁵ This is an incentive to stimulate take up. BT will assess the level of take up once rollout has occurred across Digital Durham, if it exceed 20%, money will come back to the programme. This is applicable for both phase 1 and phase 2. Across the whole Digital Durham area, moving to 30% take up under phase 1 would lead to £2.8m coming back to the programme to reinvest. This would be allocated to the contributing authorities in proportion to their initial allocation. Therefore the following could come back to Tees Valley (based on a 30% rate): DBC: £49.3K, HBC: £4.5K, MBC: £30.8K, R&C: £80K, SBC:£72.5K.

| | | | | | | |
|---|-----|-----|-----|-----|-----|-----|
| Premises post Phase 1 without super fast coverage | | | | | | |
| Percentage Coverage | 91% | 95% | 93% | 94% | 93% | 93% |

There is an approximate gap of 1.9% (which equates to 5,920 premises out of a total of 311,600 for the region) against the BDUK target, with only Hartlepool having exceeded the target. **There is consequently a need for a second phase of the BDUK programme in Tees Valley.**

Existing Phase 2 Option

The table below reflects the existing submission (in terms of outputs) to BDUK for the possible delivery of Phase 2 (Due to commercial sensitivity the budget is contained in Appendix A):

| | DBC | HBC | MBC | RCBC | SBC | Tees Valley |
|-----------------------------------|-------|-----|-------|-------|-------|-------------|
| Additional coverage (by premise) | 2,520 | 0 | 2,380 | 2,610 | 3,970 | 11,680 |
| Coverage post Phase 2 (2019/2020) | 96% | 95% | 97% | 98% | 98% | Circa 97% |

It is assumed that the existing Phase 2 Option will achieve a take up rate of 20% which equates to a gain share of circa £158,000⁶.

Enhanced Phase 2 Option

The enhanced Phase 2 Option has been developed to reflect identified good practice in County Durham (with its enhanced budget and aim to get 98.1% coverage at the end of Phase 2 and (almost) 100% coverage at the end of Phase 3 (utilising enhanced gain-share)) and the new financial opportunities afforded by the Devolution Deal.

The rationale for an enhanced Phase 2 Option rests on the following assumptions:

- A higher rate of geographical coverage provides more transparency for performance management. With enhanced transparency of delivery there is the opportunity for a centralised (technical) resource to manage a single contract and ensure consistent coverage and take up across the five Council areas. Such an approach will simplify reporting between Digital Durham and Tees Valley Councils and reduce the impact on existing staff resources in each of the five Councils; and
- The Durham approach is also based on leveraging in higher levels of gain share in Phase 3. To do this they have a specific marketing and promotion budget to ensure that they reach a take up level of circa 30% across their Council area and thereby use gain share to complete remaining gaps in provision. For Tees Valley this could equate to £237,000 for Phase 3.

The table below identifies the anticipated outputs of the enhanced Option 2 model:

| | DBC | HBC | MBC | RCBC | SBC | Tees |
|--|-----|-----|-----|------|-----|------|
|--|-----|-----|-----|------|-----|------|

⁶ This is based on a pro rated two thirds calculation of the 30% gainshare figure, which itself is predicated on the drawdown against a 95% coverage.

| | | | | | | Valley |
|-----------------------------------|--------|--------|--------|--------|--------|---------|
| Additional coverage (by premise) | 3,612 | 1,445 | 3,084 | 2,675 | 4,057 | 15,072 |
| Total premises covered | 51,012 | 44,145 | 62,784 | 63,275 | 84,856 | 306,072 |
| Coverage post Phase 2 (2019/2020) | 98.1% | 98.1% | 98.1% | 98.1% | 98.1% | 98.1% |
| Anticipated Take Up Rate | 30% | 30% | 30% | 30% | 30% | 30% |

Due to commercial sensitivity the delivery costs of the enhanced Option 2 model are detailed in Appendix A.

It is recommended that the enhanced Phase 2 is progressed and funded from the Tees Valley Investment Programme (no financial contributions from composite Tees Valley Councils), subject to the following conditions:

- Digital Durham produce a comprehensive list of cabinets to be enabled and a clear timeline for their delivery; and
- A detailed marketing/promotional plan is put in place that ensures Tees Valley meets the requisite gain share target for both Phase 1 and Phase 2.

FINANCIAL IMPLICATIONS

There are no further financial implications related to Phase 1. Phase 2 will be funded from the Tees Valley Investment Programme across 2017/18 to 2018/19. Due to commercial sensitivity the financial implications are detailed in Appendix A.

LEGAL IMPLICATIONS

The delivery of Phase 2 is subject to a contract between Tees Valley Combined Authority and Digital Durham.

RISK ASSESSMENT

The project is subject to three risks:

- Financial risk that Digital Durham will not have the match funding in place to support the enhanced Option 2;
- Financial risk associated with not reaching the 20% threshold to mark eligibility for additional gain share to fund Phase 3; and
- Reputational risk associated with gaps in provision in areas which are supposed to have been covered by an enabled cabinet.

We have sought confirmation from Digital Durham as to their ability to support the enhanced Option 2 and they have confirmed their support. The final two risks can be mitigated through additional promotional activity to ensure at least 20% take up for both Phase 1 and Phase 2, with gain share monies addressing remaining gaps in Phase 3.

This project is categorised as low/ medium risk.

CONSULTATION

The paper has been subject to consultation between the five local authorities represented on the Tees Valley Broadband working group.

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AGENDA ITEM 8

REPORT TO THE TEES VALLEY COMBINED AUTHORITY

DATE 2ND NOVEMBER 2016

REPORT OF THE MANAGING DIRECTOR

BUSINESS ENGAGEMENT AND INVOLVEMENT

SUMMARY

This paper updates the Combined Authority on the arrangements in place to engage the business community in our work, and proposes the recruitment of new members for the Local Enterprise Partnership.

RECOMMENDATIONS

That the Combined Authority:

- I. Note the positive engagement of the business community; and
- II. Launch a recruitment process for new LEP Board members, as well as a wider group of business leaders who would be involved in our work.

DETAIL

1. The Tees Valley Combined Authority and Local Enterprise Partnership, and their predecessor bodies, has a long history of close involvement with the local business community. Business leaders have helped to shape our strategic economic plan, to prioritise interventions for growth and jobs, and promoted the Tees Valley nationally and internationally. As the Combined Authority assumes greater responsibilities under devolution, the need for a strong partnership with business is becoming more important than ever,
2. The way in which business is engaged will also need to develop as devolution moves forward. These issues were discussed at an event on 19th October hosted by the North East of England Chamber of Commerce, the Confederation of British Industry, the Engineering Employers Federation, the Tees Valley Business Club, the Federation of Small Business and the Entrepreneurs' Forum. Over 100 people from different sectors attended the event and welcomed the opportunity to ensure business has maximum involvement in ambitious devolution proposals. Feedback from the event will help determine the basis on which the Combined Authority and business community develop this relationship.
3. The Local Enterprise Partnership is the key forum for joint working between the five councils, the business community and education sector. Part of a national network of 38 LEPs, the Tees Valley LEP has an excellent reputation for effective leadership. The creation of the Combined Authority has inevitably had implications for the role of the LEP. The LEP is now constituted as an integral part of the Combined Authority, with a shared officer support, and LEP private sector board members given Associate Member status of the Combined Authority. The Combined Authority is also the accountable body for the Local Enterprise Partnership. This

close integration maximises the Tees Valley business voice, and ensures the Combined Authority can tap into expertise from experienced business leaders committed to shared objectives. LEP members also play a prominent national role, with opportunities to promote the interests of the Tees Valley with ministers, investors and national bodies.

4. With a number of vacancies amongst the nine places for private sector members of the LEP, it is now appropriate to launch a recruitment for LEP members. We will seek a range of business leaders from different sectors and backgrounds. Proposals for appointments to the LEP Board will be brought forward to the Combined Authority at a future meeting, with the aim of having a new board in place at the beginning of 2017.
5. However, it is important that the Combined Authority's engagement with the business community is not solely through the members of the LEP. A wider groups of business leaders are keen to be engaged. It's therefore recommended that, alongside the LEP membership, a larger number of business figures are identified and supported to make a difference; according to their interest and experience.
6. To initiate this process, the attached leaflet has been developed, which can be used to promote the opportunities for involvement and encourage business leaders to come forward.

FINANCIAL IMPLICATIONS

Support for business engagement, and for the Local Enterprise Partnership, is funded from within the approved budget for the Tees Valley Combined Authority.

LEGAL IMPLICATIONS

There are no legal implications from this report.

RISK ASSESSMENT

The subject matter of report is categorised as low. Existing management systems and daily routine activities are sufficient to control and reduce risk.

CONSULTATION

The Combined Authority has already benefited from extensive consultation with the business community on many aspects of our work, and will continue to do so. Our revised constitution will identify specific requirements for consultation with the business.

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WANTED: VISIONARY BUSINESS LEADERS WITH A PASSION FOR THE TEES VALLEY



The Tees Valley Local Enterprise Partnership is part of a network of LEPs around the country, promoting the economic growth of their areas. But in the Tees Valley we are going further. Our new Tees Valley Combined Authority builds on the success of Tees Valley Unlimited, and takes on new responsibilities for transport, skills, infrastructure, innovation, investment and jobs. Our ambitious devolution deal with government secures additional funding and powers to drive forward our local economy. A Tees Valley Mayor will be elected in May to chair the Combined Authority.

We cannot achieve our ambitions without the commitment and support of our local business community. So, alongside the Mayor and the Council Leaders, we want to establish an active, committed and diverse group of business leaders. Some will serve on the Local Enterprise Partnership, and play a formal role in our governance. But we want to go further, and establish a wider group of Business Leaders, to play a part in the economic transformation of the Tees Valley.

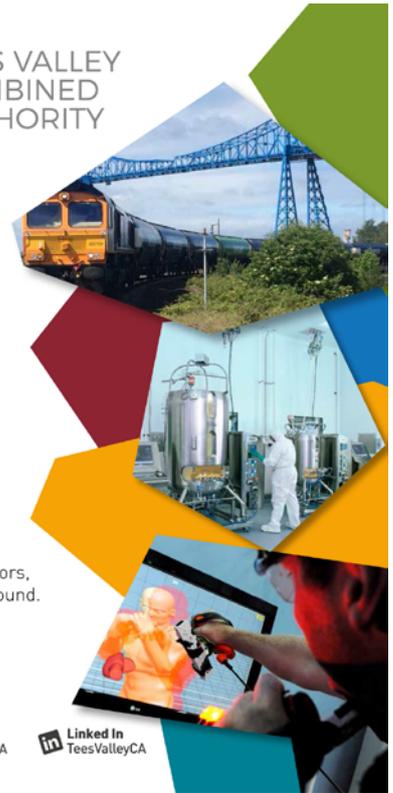
We are looking for business leaders to:

- Support and offer advice to the Mayor and Combined Authority;
- Champion and promote specific initiatives from the perspective of business.
- Represent the Tees Valley nationally and internationally
- Ensure a strong business voice over decision-making
- Help deliver our Strategic Economic Plan

We will look to recruit a diverse and broadly representative group, drawn from different sectors, towns, size of business, experience and background.

Interested? For more information, and to register your interest, go to:
www.teesvalley-ca.gov.uk/business-leaders

www.teesvalley-ca.gov.uk/business-leaders



AGENDA ITEM 9

REPORT TO THE TEES VALLEY COMBINED AUTHORITY

2 NOVEMBER 2016

REPORT OF THE MANAGING DIRECTOR

APPOINTMENT OF A COMBINED AUTHORITY RETURNING OFFICER

SUMMARY

Following parliamentary approval of the Tees Valley Combined Authority (Election of Mayor) Order 2016, the Combined Authority must appoint one of its officers, or one of the officers of a constituent council, to be the combined authority returning officer in relation to the election.

RECOMMENDATION

It is recommended that the Combined Authority appoints David Bond the local returning officer of Stockton-on-Tees Borough Council as the combined authority returning officer in relation to the Tees Valley Combined Authority Mayoral Election.

DETAIL

1. The legislation establishing the Mayor is now in place. The Secretary of State for Communities and Local Government proposes to introduce further legislation regarding the conduct of Combined Authority mayoral elections. The first election for the return of a mayor for the Tees Valley Combined Authority will take place on 4 May 2017.
2. The local returning officer for each constituent council in the combined authority areas will be responsible for the conduct of the poll in their area, including the provision of polling stations, publication of the notice of poll, the issue and receipt of postal ballot papers and the verification and counting of the votes in their area.
3. Each combined authority is also required to appoint a combined authority returning officer, who will have responsibility for giving notice of the election; the nomination procedures; encouraging participation; ensuring that candidates and their agents comply with the requirements as to the content of candidate election addresses and with the procedures for submitting them; producing and distributing the booklet to every voter containing the candidates' election addresses; the collation and calculation of votes given for each candidate; and the declaration of the overall result.
4. The proposed legislation provides that the Combined Authority must appoint one of its officers or one of the officers of a constituent council, to be the combined authority returning officer.
5. The Tees Valley Combined Authority's monitoring officer, David Bond, has been the local returning officer for Stockton-on-Tees Borough Council for over twenty years,

with significant experience in relation to UK Parliamentary, European and Local Government elections, and in particular as the police area returning officer for the 2012 and 2016 Police and Crime Commissioner elections for the Cleveland force area.

6. Taking this experience into account, it is recommended that David Bond is appointed as the combined authority returning officer for the Mayoral Election on 4 May 2017.

FINANCIAL IMPLICATIONS

7. There are no financial implications arising directly from this report.

LEGAL IMPLICATIONS

8. Each combined authority is required to appoint a combined authority returning officer.

RISK ASSESSMENT

9. There are always risks involved with every election, but experienced elections staff, rigorous planning and training and tried and tested procedures, in particular, help to minimise the risks.

CONSULTATION

10. The proposal has been discussed with Members and Officers of the Constituent Councils and of the Combined Authority.

Name of Contact Officer: Andrew Lewis

Post Title: Managing Director, Tees Valley Combined Authority

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AGENDA ITEM 10

REPORT TO THE TEES VALLEY COMBINED AUTHORITY

2ND NOVEMBER 2016

REPORT OF MANAGING DIRECTOR

APPOINTMENTS TO TVCA POSITIONS

SUMMARY

To consider nominations from Constituent Authorities to some of the remaining vacancies on the TVCA's Committees and Panel as detailed at **Appendix 1**.

RECOMMENDATIONS

Recommended that the nominations to existing vacancies on the TVCA's Committees and Panel, as detailed at **Appendix 1**, be approved.

DETAIL

1. The TVCA, at its Annual Meeting held on 7th June 2016, confirmed the appointment of substitute members of the TVCA along with the appointment of members to the following Committees following the receipt of nominations from Constituent Authorities:-
 - Audit & Governance Committee;
 - Transport Committee;
 - Overview & Scrutiny Committee.
2. At the same meeting TVCA also confirmed the appointment of Chairs to both the Transport Committee and the Overview & Scrutiny Committee; as well as the Vice Chair of the Overview & Scrutiny Committee.
3. Some vacancies remain and nominations have now been sought from the relevant Constituent Authority or TVCA, as appropriate.
4. Details of the nominations that have been received are listed at **Appendix 1**.
5. It has also been proposed that an Independent Remuneration Panel (IRP) be established to determine the Tees Valley Mayor's allowance. The IRP will be made up of one representative from each of the constituent authorities' and this representative could be, if the authority so wished, a representative from their own IRP. The nominations received from each Authority are also included in **Appendix 1**.

FINANCIAL IMPLICATIONS

6. There are no financial implications arising from the report.

LEGAL IMPLICATIONS

7. There are no legal implications arising from this report.

RISK ASSESSMENT

8. The appointment of representatives to TVCA Board/Committees is categorised as low risk.

CONSULTATION

9. Consultation has been undertaken with each of the Constituent Authorities, along with the LEP, and details of their response are included at **Appendix 1**.

Name of Contact Officer: Andrew Lewis

Post Title: Managing Director – Tees Valley Combined Authority

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SCHEDULE OF APPOINTMENTS

TEES VALLEY COMBINED AUTHORITY

TRANSPORT COMMITTEE

| | | |
|-------------------|---------------------|------------------------------|
| Substitute Member | Cllr Janice Brunton | Middlesbrough Council |
| Substitute Member | Cllr Marjorie James | Hartlepool Council |
| Substitute Member | Cllr David Walsh | Redcar and Cleveland Council |
| Substitute Member | Cllr Mike Smith | Stockton-on-Tees |

AUDIT AND GOVERNANCE COMMITTEE

| | | |
|-------------------|-------------------|------------------------------|
| Substitute Member | Cllr Paul Baldwin | Darlington Council |
| Substitute Member | Cllr Paul Beck | Hartlepool Council |
| Substitute Member | Cllr Lewis Young | Middlesbrough Council |
| Substitute Member | Cllr Bob Norton | Redcar and Cleveland Council |
| Substitute Member | Cllr Chris Barlow | Stockton-on-Tees Council |

OVERVIEW AND SCRUTINY COMMITTEE

| | | | |
|--------|-----------------|--------|--------------------|
| Member | Cllr Sonia Kane | Labour | Darlington Council |
|--------|-----------------|--------|--------------------|

INDEPENDENT REMUNERATION PANEL

| | | |
|--------|--------------------|------------------------------|
| Member | Cllr Ian Hazeldene | Darlington Council |
| Member | John Taylor | Hartlepool Council |
| Member | Jim Whiston | Middlesbrough Council |
| Member | Mr M Sedlatschek | Redcar and Cleveland Council |
| Member | Tony Campbell | Stockton-on-Tees Council |

Tees Valley Combined Authority Board

Forward Plan

Standing Items

Minutes from the Previous Meeting
 Announcements from the Chair
 Announcements from the Head of Paid Service
 Forward Plan
 Date and Venue of the Next Meeting

| Date | Venue | Item / Responsible Officer |
|---|---|--|
| 15 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 |
| 7 June 2016 at 11.00am – Annual Meeting | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Appointment of Chair 2016/17 Appointment of Vice Chair 2016/17 Appointments to Committees Appointment of Chairs Appointment of Vice Chairs |
| 7 June 2016 at 11.00am to commence immediately following the conclusion of the Annual Meeting | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Transforming Place through Devolution Culture; Place, Inclusion and Business Growth The Tees Valley Refreshed Strategic Economic plan (SEP) – Presentation Finance and Investment Fund Update Rt Hon Lord Heseltine – Devolution of Power |
| 8 July 2016 at 11.00am – Extraordinary Meeting | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Tees Valley Combined Authority Draft Governance Review |
| 19 July 2016 at 2.00pm – Extraordinary Meeting | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Transport for the North – Proposal to Establish a Sub-National Transport Body AGE Grant |
| 19 July 2016 at 2.20pm – Joint LEP / TVCA Meeting | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Growth Deal 3 Bid Large Local Majors Bid |

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|--|---|---|
| 24 August 2016 at 10.00am | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Establishing the Tees Valley Land Commission Impact of British Withdrawal of Membership from the European Union Governance Review – Consultation - Feedback Responding to Lord Heseltine’s Report on the Tees Valley Local Growth Fund – Skills Capital Programme |
| 2 November 2016 at 10.00am | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Devolution: Progress Report Extending the Youth Employment Initiative Expanding Broadband Establishing the South Tees Development Corporation Business Engagement and LEP recruitment Appointment of Returning Officer Appointment to TVCA Positions |
| Extraordinary Meeting - 25 November 2016 at 3.00pm | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | Consent for the Mayoral Combined Authority Powers Order |
| 21 December 2016 at 10.00am | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | TBC |
| Possible Extraordinary Meeting – January 2017 | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | TBC |
| 22 February 2017 at 10.00am | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | TBC |
| 29 March 2017 at 10.00am | Meeting Room 1, Cavendish House, Teesdale Business Park, Stockton-on-Tees, TS17 6QY | TBC |
| 31 May 2017 at 10.00am | Meeting Room 1, Cavendish House, | TBC |

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|--|---|--|
| | Teesdale Business Park, Stockton-on- Tees, TS17 6QY | |
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|-------------------------------|
| Items to be scheduled: |
| TBC |

Please advise Democratic Services peter.bell@stockton.gov.uk if you have any items for consideration