

**TYNE AND WEAR ECONOMIC DEVELOPMENT JOINT COMMITTEE  
27th September 2013**

**Joint Committee Arrangements**

**Joint Report of the Secretary and Treasurer to the Joint Committee**

**1 PURPOSE OF REPORT**

- 1.1 To report proposals for bringing the Joint Committee arrangement to an end.

**2 DESCRIPTION OF THE DECISION**

Members are recommended to approve the proposals outlined in this report.

**3 CURRENT POSITION**

- 3.1 In the light of changes to the economic development landscape across the region, the business of the Tyne and Wear Development Company and its subsidiaries has now been brought to an end. The companies remain in members voluntary liquidation while all rental income is received and final expenditure reconciled, at which point the liquidator PriceWaterhouseCooper will distribute remaining assets between the five local authorities on a population basis, as provided for in the company documents. The remaining companies (Mainco and Landco) will then be dissolved on the expiry of 3 months' notice to be given by the Liquidator to the Registrar of Companies.

- 3.2 The Joint Committee arrangement has been in place since 31<sup>st</sup> March 1999 and has been renewed at 5 yearly intervals. Unless renewed, the arrangement will come to an end on 31 March 2014.

- 3.3 It is proposed that the Joint Committee arrangement should not be further renewed and that arrangements are agreed for distribution of the Joint Committee assets to the local authorities. The Joint Committee agreement provides for distribution of such assets on a population basis.

**3.4 Financial Issues**

**3.4.1 Grant Commitments – local authorities**

Each Council was 'allocated' Joint Committee funds for their own particular economic development objectives when the arrangements were first established and Appendix 1 shows the current status of all grants that remain and also any unused funds available.

It is therefore proposed that the remaining uncommitted balances are paid to each Council along with any grant / loans outstanding which they will have to manage individually from the proposed date of transfer.

#### **3.4.2 Grant commitments – TWEDCO Main Company**

Some grants were also transferred from Tyne and Wear Development Company Ltd to the Joint Committee to manage as part of the arrangement. The outstanding amount totals £324,692 in the form of grant commitments that may need to be settled.

It is proposed that Sunderland as lead authority continues to manage these arrangements, and once it has been established if any are no longer required, the surplus funds will be redistributed to each constituent council on the agreed population basis.

This will be supported by a legal agreement between the Joint Committee and the local authorities, formalising the transfer of responsibilities.

#### **3.4.3 Surplus Cash Funds**

All surplus cash once all other running costs have been identified and agreed will also be distributed on the agreed population basis. This position remains to be finalised, but is thought to be in excess of £250k.

Cash would need to be distributed and settled before 31<sup>st</sup> March 2014 in order to close down the Joint Committee so that it becomes financially inactive within the current 2013/14 financial year.

### **4. RECOMMENDATIONS**

- 4.1 Members are requested to note the contents of the report, and to approve the proposals set out in paragraph 3.4.

#### **BACKGROUND PAPERS**

Joint Committee agreement dated 31<sup>st</sup> March, 1999