

Draft Final Scheme for the Establishment of a Combined Authority for the Tees Valley

Background

The findings of the Review of governance arrangements relating to transport, economic development and skills pursuant to Section 108 of the Local Democracy Economic Development and Construction Act 2009 (LDEDC) and Section 82 of the Local Transport Act 2008, are that a Combined Authority (CA) shall be created both as the best option for the area going forward because it would be likely to improve:

- the exercise of statutory functions relating to economic development and transport in the area;
- the effectiveness and efficiency of transport in the area; and
- economic conditions in the area.

This document is the proposed Final Scheme prepared by the five Tees Valley Authorities (the 'Constituent Councils') pursuant to the LDEDC for approval by the Secretary of State by which it is proposed a CA be created.

Establishment of Authority

1. A Combined Authority for the Tees Valley shall be established pursuant to Section 103 of the Local Democracy Economic Development and Construction Act 2009 (LDEDC). It is intended that this shall come into existence from October 2015.

Area

2. The area of the CA shall be the whole area of each of the five Constituent Councils namely:
 - Darlington Borough Council
 - Hartlepool Borough Council
 - Middlesbrough Council
 - Redcar & Cleveland Borough Council
 - Stockton-on-Tees Borough Council
3. The evidence suggests that the Tees Valley represents a self-contained functional economic market area (FEMA) in its own right and that there would likely be an improvement in economic prosperity should a CA for the area of the Tees Valley be established.

Name

4. The name of the CA shall be the Tees Valley Combined Authority.

Membership

5. The CA shall consist of a total of 5 Members comprised as set out below:-
6. Each of the five Constituent Councils shall appoint one of its elected members as a Member of the CA. All appointments shall be for a one year term.
7. We want our CA to be as efficient and effective as possible. One means of achieving this is to make the business and meetings of both the LEP and the CA seamless. Our intention is to join the meetings together, supported by a single officer team (TVU staff), with a single agenda.
8. Representatives of the business community comprising the members from Tees Valley Unlimited Board (the 'LEP') shall also become non-voting board members of the CA, to be appointed for a term of 3 years.
9. This model brings to decisions the expertise of business in the Tees Valley, and ensures through the CA that the local authorities are accountable for the money that is being spent. Business members would effectively be expert non-executive directors of the CA.
10. In the event that any of the LEP members referred to above cease to be a LEP board member, they shall also automatically cease to be a CA board member.
11. The LEP board members shall also have a right to resign in their own right from the CA board by providing reasonable notice of the same.
12. The Constituent Councils shall each appoint another of its elected members to act as a substitute Member of the CA in the absence of the Member appointed in accordance with the terms above.
13. A council may at any time terminate the appointment of a local authority Member or a substitute Member appointed by it to the CA.
14. Where a local authority Member or substitute Member of the CA ceases (for whatever reason) to be a Member of the council that appointed them, the Member shall cease to be a Member of the CA and the relevant council shall appoint a replacement as soon as practicable.
15. No remuneration shall be payable by the CA to its members other than standard allowances for travel and subsistence.

16. Intention - Recognising that membership of the CA cannot be determined by reference to a particular office of an appointing council, it is nevertheless the intention that the most appropriate membership for the CA would be the five Leaders or the Directly Elected Mayors of the Constituent Councils, as appropriate.
17. The Chair and Vice Chair of the CA shall be appointed annually for a one year term from amongst the representative Members of the Constituent Councils, with the intention that the positions shall rotate between the Constituent Councils on an annual basis.

Voting

18. The following voting arrangements will be applied:
 - a) Un-weighted voting based on one member one vote, with no casting vote for the Chair or Vice Chair.
 - b) Five representative Members and/or nominated substitutes represent a quorum.
 - c) Decision-making shall be structured to ensure that issues of critical importance to the Boroughs, such as those which placed costs or risks on the Borough Councils, are taken only by Leaders and the elected Mayor.
 - d) The constitution of the CA shall set out that decisions will be taken in accordance with the following framework agreed by the CA and formally by each local authority individually:
 - Statement of Ambition: the strategy in accordance with which the LEP and the CA will work
 - Investment Plan
 - Annual rolling LEP / CA Medium-Term (3-4 year) Financial Plan, including local authority financial contributions
 - Annual Business Plan
 - Local Transport Plan
 - e) The CA shall not have the power to incur expenditure on behalf of other authorities, nor the power to place additional risks on other authorities over and above expenditure and risk that is a result of what is agreed by each authority and covered by the Combined Authority constitution, including the investment, business and financial plans.
 - f) Beyond the above, each matter arising at a meeting of the CA shall be determined by a majority of the votes of the Members present and voting; each representative Member or substitute Member acting in that Member's place shall have one vote and no Member has a casting vote.

- g) If a vote on any matter referred to at (f) above is tied, it shall be deemed not to have been carried.

Executive Arrangements

19. Executive Arrangements (within the meaning of the Local Government Act 2000) shall not apply to the CA. However, the discharge of the functions of the CA will be subject to the scrutiny arrangements set out in this scheme.

Scrutiny arrangements

20. The CA shall appoint one scrutiny committee which shall comprise members appointed to it by each of the Constituent Councils. In order to achieve this, it is intended to request the Secretary of State to apply Section 9JA of the Local Government Act 2000 to the CA as it does to a committee system local authority but with these amendments.

- The Combined Authority shall appoint one scrutiny committee under s9JA(1); and
- The Secretary of State will be requested to make regulations under s9JA(2)(b) with respect to its functions composition and procedure.

Functions of the Combined Authority

21. A great strength of the area has been its ability to demonstrate its unity of purpose in securing a more prosperous economic future. The five local authorities of the Tees Valley, working together with business as the LEP, have firmly established the sub-region on the national stage. An obvious example of our unity is the Statement of Ambition with its clear explanation of the policies to be pursued in achieving sustainable prosperity.

22. Our partnership is robust. It is a matter of great credit acknowledged by the Government, Business Representative Organisations such as Confederation of British Industries, Chamber of Commerce, Federation of Small Businesses, the Manufacturers' Organisation for Britain (EEF), and Institute of Directors and neighbouring areas that the grasping of opportunities to help implement our economic strategy has only been possible because of the area's local authorities' steadfast ability to work together and in concert with the private sector. There is a focussed and proactive approach to growth which is pursued at the sub-regional level. This approach has led to a successful Enterprise Zone and numerous Regional Growth Fund (RGF) awards for local companies.

23. Building on the strengths of our partnership, we are clear that new arrangements and powers would:

- Combine the strengths of our LEP with new powers afforded by a Combined Authority.

- Be non-bureaucratic. A Combined Authority which operates as the LEP would achieve this.
- Be cost-effective. Our analysis estimates that there is limited additional cost across the Tees Valley to deliver more effective decision-making and delivery of our strategy.
- Not re-create the former Cleveland County Council. A Combined Authority would not do this - it would assist decision-making on matters of jointly agreed priorities of economic development, skills and transport across the five Boroughs, and
- Ensure we continue to work in harmony with business.

Transport Functions

24. In the application of s101 of the Local Government Act 1972 any other transport functions delegated to the CA from time to time by the constituent Councils shall be functions of the CA.
25. This shall include the full range of powers available to an Integrated Transport Authority pursuant to the Local Transport Act 2008.
26. The Power of Wellbeing under chapter 3 of the LTA 2008 will apply to the CA by virtue of that Act.
27. The CA will have ancillary general powers pursuant to section 113A of the LDEDC 2009.
28. Specific transport functions for the CA shall include to:
 - a) Develop and approve the Rail Strategy
 - b) Develop and approve the Transport and Infrastructure Strategy including transport topics of significant importance e.g. Rail, Strategic road network and Airports.
 - c) Manage and develop the successful on-going strategic relationship with the Highways Agency, and other Government departments and agencies (i.e. DfT, Network rail, rail franchise holders)
 - d) Deliver modelling and analytical support for scheme and strategy schemes in relation to economic development.
 - e) Approve and submit bids for funding for Tees Valley level transport schemes.
 - f) Develop, approve and implement in collaboration with the Local Authorities capital project procurement for transport schemes at a Tees Valley level.

- g) Represent those Authorities comprising the CA within regional, pan-northern and national for a lobbying for more investment in infrastructure.
- h) To approve the Rail Strategy and the Transport and Infrastructure Strategy.
- i) To approve and submit bids for transport scheme funding.
- j) To approve the procurement of Tees Valley level transport schemes.

Economic Development Functions

29. By virtue of sections 99 and 102A of the Local Transport Act 2008, the CA will have broad well-being powers to promote economic prosperity, which can be exercised together with general ancillary powers granted by section 113A of the LDEDC Act 2009 (as amended by the Localism Act 2011).
30. It is proposed that the CA will be focussed on strategic economic development issues which shall include a remit to:
- a. Prepare, monitor and review the Tees Valley-level economic strategy (Statement of Ambition, Investment Plan, Business Plan, Action Plans etc) for approval by each of the Member Authorities
 - b. Undertake economic assessment, research and provide an evidence base for economic strategy at the Tees Valley level and at the Borough level.
 - c. Prepare and submit policy responses to consultations that impact on the economy of the Tees Valley
 - d. Develop and manage interventions, projects and programmes which respond to the economic strategy of the Tees Valley
 - e. Prepare and submit funding bids for interventions, projects and programmes which respond to economic strategy at a Tees Valley level.
 - f. Be responsible for ensuring that core business advisory services are available to SMEs across the Tees Valley, with additional business support services being delivered, in consultation with the Local Authorities, to meet each Borough's individual sector priorities.
 - g. To approve the Tees Valley-level economic strategy (comprising e.g. the Statement of Ambition, Investment Plan, Business Plan, Action Plans etc).

- h. To approve the submission of responses to consultations.
- i. To approve the submission of funding bids.

31. The primary focus of the CA will be to manage a significant programme of investment in transport and economic infrastructure, and to influence and align with government investment, in order to boost economic growth. The related interventions will have differential spatial impacts across the CA area but should aid delivery of key growth projects in the emerging and future local plans of Constituent Councils. Having regard to the duty to co-operate, effective alignment between decision making on transport and decisions on other areas of policy such as economic development, employment and skills initiatives, business investment and low carbon strategies will be a key aim.

Incidental Provisions

32. The CA shall exercise any function of the Secretary of State delegated to the CA by order of the Secretary of State pursuant to Section 86 of the LTA 2008 and Section 104(1) (b) of the LDEDCA 2009. Such functions shall be exercised subject to any condition imposed by the order.

33. The CA shall also have the following terms of reference and delegated powers in relation to Employment and Skills:

- a. Take a lead role in relation to Employment and Skills policy initiatives.
- b. Lead on activities to drive the TVU Employment Skills Advisory Group.
- c. Lead activities to develop the Tees Valley Employment, Learning and Skills Framework and encourage implementation across the five Local Authority areas.
- d. Influence high level content of the DWP Work Programme and FE provision.
- e. Develop links and Employment and Skills policy alignment with 14-19 activities.
- f. Influence DWP prime provider performance through attending regular reviews and ensuring that TVU priorities are fed through to delivery programmes, and on a borough level depending on need.
- g. Engage with DWP providers/employers on the ground to facilitate closer working between partners and create additional/sustainable job opportunities across the Tees Valley.

- h. Provide intelligence to providers (including primary and secondary schools) on future skills and labour market requirements, aligned to the growth plan whilst working with colleagues and other learning providers to develop a more labour market focus to their delivery, share emerging markets and skills sector knowledge
- i. Work with partners to join up the employer offer across Tees Valley and link with similar regional/local aims to provide dedicated access points for employers (via websites and key contacts).
- j. Coordinate the production of Tees Valley materials and resources to support and develop aspirations and choice, working closely with all partners.
- k. Co-ordinate a sub-regional network of key partners/providers to manage co-ordinated employer support for multiple vacancies etc.
- l. Work with employers, Sector Skills Councils etc to develop/facilitate sector focussed training opportunities linked to areas of future growth in the labour market.
- m. Ensure that employment and worklessness initiatives are effectively targeted at those farthest from the labour market.
- n. Ensure that local and national initiatives are coordinated into a coherent programme of support for young people, adult learners and employers
- o. Work with partners/key employers to develop more structured opportunities for unemployed people to access jobs.

34. The CA shall also have the following terms of reference and delegated powers in relation to Business Investment:

- a. Undertake business engagement and support including SMEs in consultation with the Local Authorities.
- b. Develop and approve a strategy and action plans for work of Tees Valley level significance in relation to:
 - o Investment by both UK and foreign owned companies
 - o Relocation into the Tees Valley from another UK source
 - o Investment for the first time by non-UK companies
 - o Exporting by Tees Valley companies
 - o Supply chain development

- c. Take responsibility for enquiry and client handling, liaising with clients and public and private sector partners across the Tees Valley; Site allocation, site briefs, identifying business synergies.
- d. Identify existing and emerging opportunities, defining marketing targets by industry sectors/sector analysis and developing strategy.
- e. Undertake marketing to attract Tees Valley level opportunities into the Tees Valley.
- f. To approve a Tees Valley wide strategy for business investment, inward relocation, exporting and supply chain development.

35. The CA shall also have the following terms of reference and delegated powers in relation to Low Carbon

- a. Undertake project and financial management of studies linked to the Low Carbon Strategy.
- b. Liaise with Government departments and agencies to address barriers to investment.
- c. Coordinate consultation responses to a range of related consultations from Government, including National Planning Statements and energy policy, as well as EU legislation.
- d. Provide support to industry to develop low carbon infrastructure such as Carbon Capture and Storage, district heating, energy hubs, novel waste technologies and energy from waste plants.
- e. Assist in the preparation of funding bids for industry projects for national and European funds and the Green Investment Bank.
- f. Further developing relationships with NEPIC, CPI and other groups such as PICCSI and other relationships to assist in the delivery of key projects.
- g. Help to develop and articulate Tees Valley's offer as one of the largest integrated low carbon networks in Europe.
- h. Examine new delivery vehicles for the key projects.

Funding

36. It is intended that the running costs of the CA shall not in themselves result in any significant increase in the cost of delivery of the functions ascribed to it

over and above the current costs associated with the delivery of those functions by the LEP and the Constituent Councils.

37. The running costs of the CA, unless mutually agreed to be amended, shall be apportioned as follows:

DARLINGTON	15.8%
HARTLEPOOL	14.7%
MIDDLESBROUGH	20.9%
REDCAR & CLEVELAND	21.0%
STOCKTON-ON-TEES	27.7%

38. The revenue expenditure and funding of the CA shall be agreed on an annual basis as determined at paragraph 18(d) above.

39. Any additional expenditure in excess of that determined at paragraph 18(d) should be apportioned at the time of approval.

40. The CA will have the power to access other sources of funding as they become available.

Sub structures

41. The CA will act as a strategic decision making body. Therefore in order to fulfil the significant range of operational duties, powers and functions transferred, the Constituent Councils may put in place appropriate arrangements to ensure fit for purpose sub structures.

42. The Constitution of the CA is to include the ability to create the following sub-committees/panels:

- transport committee
- an investment panel

Tees Valley Unlimited Local Enterprise Partnership (LEP)

43. The Review sets out the importance of a strong LEP which effectively brings together the private and public sector in driving the economic prosperity of the Tees Valley.

44. By making provision for continuing to work closely with the LEP, for example by integrating CA and LEP meetings, decisions taken by the CA will more fully reflect business views. These views, both in terms of shaping prioritisation and scheme design, will ensure that any public investment is targeted to maximise local business benefit which is key to economic growth.

10 February 2015