
**TEES VALLEY UNLIMITED GOVERNANCE
A COMBINED AUTHORITY FOR THE TEES VALLEY**

**Responsible Cabinet Member – Councillor Bill Dixon, Leader
Councillor Chris McEwan, Economy and Regeneration Portfolio**

**Responsible Director - Ada Burns, Chief Executive
Ian Williams, Director of Economic Growth**

SUMMARY REPORT

Purpose of the Report

1. The purpose of the report is to:
 - (a) Highlight our ambition for establishing a Combined Authority (CA) for the Tees Valley to achieve our economic goals and to receive greater devolved powers.
 - (b) Clarify what the CA would do.
 - (c) Clarify its membership
 - (d) Clarify its relationship with the Local Enterprise Partnership (LEP)
 - (e) Describe the scrutiny arrangements and how they would be funded.
 - (f) Provide an update on timescales following a recent discussion with Department for Communities and Local Government (CLG).
 - (g) Set out plans for consulting on our CA.
 - (h) Outline the decision-making process going forward

Summary

2. The five Councils within the Tees Valley, with the LEP, have undertaken a piece of work to explore the merits and implications of making changes to governance arrangements, in the light of the City Deal negotiations and the emerging debates around further devolution from central Government of powers and resources.
3. The Tees Valley to date has not been held back by its reliance on what is an informal partnership structure, with each Council having to give separate

agreement through its executive arrangements, to the decisions that Tees Valley Leadership Board make on investment and priorities. However, there are two key reasons driving change.

4. The funds for which Tees Valley Unlimited (TVU) is responsible will increase substantially in size with EU Structural Funds, Local Growth Fund, the schemes approved through the City Deal (eg the Business and Skills Hubs) and funds returning from the Enterprise Zones. Future governments may well channel further additional resources through Local Enterprise Partnerships. The current arrangements of five Council approval processes can be time consuming and carry risk.
5. It would appear that the Government (and Opposition parties who may form a new Government) are comforted by the strength of governance of a CA and have been making noises about further devolution to those areas that have gone down the CA route. The Tees Valley must not be left behind by such opportunities, particularly as our neighbours to the north, and to the south (the Leeds City Region which encompasses York) are now or are progressing CA's.
6. There are some key principles that are proposed for the emerging CA, it must:
 - (a) Combine the strengths of our LEP with new powers afforded by a CA.
 - (b) Be non-bureaucratic, and retain engagement of business without requiring separate boards and meetings.
 - (c) Be cost-effective and minimise any additional administration costs
 - (d) Not re-create the former Cleveland County Council (a particular anxiety for colleagues).
 - (e) Ensure we continue to work in harmony with business, creating the conditions for them to create jobs for local people.
7. This report has been prepared by a cross-Council Steering Group, and will be submitted with appropriate adjustments for specific local circumstances to each of the five Tees Valley Cabinet/Executive Committees.

Recommendations

8. It is recommended that Members:-
 - (a) Note work done so far and agree to continue to progress the establishment of a CA for the Tees Valley as set out in this report.
 - (b) Request that appropriate consultation is carried out as outlined in the report.
 - (c) Receive a further report to the five Borough Councils at the conclusion of the consultation prior to submission of a scheme to the Secretary of State.

Reasons

9. To ensure Darlington Borough Council and the Tees Valley maximises the opportunity to develop the economy and positively shape and secure a more prosperous economic future.

10.

Ada Burns
Chief Executive

Ian Williams
Director of Economic Growth

Background Papers

No background papers were used in the preparation of this report

Ian Williams : Extension 6381

S17 Crime and Disorder	The report details integration between five local authorities which will have wider ranging benefits for service delivery in the future but there are no specific impacts on Crime and Disorder detailed in the report
Health and Well Being	The report details integration between five local authorities which will have wider ranging benefits for delivery of health and social care in the future but there are no specific impacts detailed in the report.
Carbon Impact	The carbon impact of the report is limited.
Diversity	There are no specific diversity impacts resulting from this report.
Wards Affected	The report impacts on all wards equally
Groups Affected	The report impacts on all groups equally.
Budget and Policy Framework	The report does not impact on the overall budget and policy framework.
Key Decision	This report is not a key decision.
Urgent Decision	This report is not an urgent decision.
One Darlington: Perfectly Placed	The objectives support the economic aspirations of Darlington and the North of England.
Efficiency	The objectives aspire to achieve our economic ambitions.

MAIN REPORT

Information and Analysis

A CA to help us achieve our economic ambitions

11. 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.
12. 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.
13. We are hugely ambitious for the Tees Valley and our communities. Our existing governance arrangements have served us well but we are in a fast changing world and it is essential that we build on our success. Our economy can only grow if we all work together, and the speed at which change is occurring warrants an appraisal of options that will help us to strengthen decision-making and cement our partnership. The reasons for this are:
 - (a) We are securing more money to deliver our economic ambitions and we need to make sure we spend the money wisely, in line with our agreed priorities and to generate outcomes for our Boroughs and communities as quickly as possible
 - (b) We need to move fast in the modern world. Opportunities are presented to us which often require a fleet of foot approach so that we can compete effectively with other sub-regions for available resources
 - (c) We need to offer our communities and businesses the certainty that comes with cementing our partnership and the consistency of approach that this will bring
 - (d) We need proper scrutiny of what we do as a partnership in the spirit of openness, transparency and accountability
 - (e) We need to continue to consider the views of business in a proper, democratically accountable governance structure.
14. We want to be a big player, competing successfully alongside other, often much larger, sub-regions, both in the UK and internationally. We have always been ahead of our competition as illustrated by the establishment of our Enterprise Zone

and RGF awards, for example. We have achieved this through being innovative, collaborative and creative. We must remain in the premier league, rather than risk lagging behind. We have a strong track-record of working together, recognised nationally, but we now have an opportunity to cement our partnership through a CA and benefit from the security of approach this would bring for us and our partners.

15. Our partnership needs to be supported by specific powers (as may be secured through a CA) so that its decisions, made by democratically elected members alongside business representatives, are speedily made – once instead of five times - and implemented. This will allow us to respond rapidly to opportunities to secure further resources, and to provide certainty to our communities and businesses about our purpose.
16. The funds for which TVU is responsible will increase substantially in size with EU Structural Funds, Local Growth Fund, the schemes approved through the City Deal (e.g. the Business and Skills Hubs) and funds returning from the Enterprise Zones. Future governments may well channel further additional resources through Combined Authorities. We will need to ensure that the decision-making, accountability and claw-back in relation to these funds are effective, efficient and meet the requirements of funders.
17. Building on the strengths of our partnership, we are clear that new arrangements and powers would:
 - (a) Combine the strengths of our LEP with new powers afforded by a CA
 - (b) Be non-bureaucratic. A CA which operates as the LEP would achieve this
 - (c) 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
 - (d) Not re-create the former Cleveland County Council. A CA 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
 - (e) Ensure we continue to work in harmony with business

Getting ready for greater devolved powers from Government

18. In the light of the Scottish referendum and commitment by all major political parties in the UK to greater devolution, the creation of a CA is our opportunity to seize the moment by having the right governance arrangements in place to make the case for and receive devolved powers and associated additional resources. It is right that we have been reviewing our own governance arrangements at the Tees Valley level and can position ourselves to maximise our involvement in shaping the devolution agenda.
19. At the heart of our governance review has been an options appraisal. There are essentially four types of governance model, each with variations within them:
 - (a) Enhancements of the status quo
 - (b) Joint Committees

- (c) CA models
 - (d) Company models
20. These four options have been assessed against a set of 11 criteria. The assessment criteria relate to operational efficiency and effectiveness, capability to enhance our economic development, local authority governance, public sector financial management, and engaging the private sector.
21. Our appraisal of the options concludes that the most desirable model would be a CA for the Tees Valley. The status quo does not deliver the kinds of improvements needed as set out earlier in the report. The Joint Committee could be implemented relatively quickly but could not receive new powers in the way an authority could. The company, whilst having some advantages, could not recover VAT, there could be issues around Corporation Tax and the company's autonomy.
22. Part of the rationale for the CA is to make decision-making more efficient by requiring just one decision instead of five locally, and this is rightly covered in **Appendix 1**. The major prize, however, is the devolution of powers from Government and the opportunities afforded by reversing decades of centralisation in the UK.
23. As a CA, we would want to attain the same level of powers on transport as have been held by Integrated Transport Authorities (formerly Passenger Transport Authorities) which have been transferred to every one of the five newly created Combined Authorities in the North East, West Yorkshire, South Yorkshire, Greater Manchester and Merseyside.. . The Tees Valley is unique in that we do not have an Integrated Transport Authority. Attaining the same transport powers as other Combined Authorities would support our ambitions to accelerate economic growth, recognising the need to improve:
- (a) Connectivity within the Tees Valley, improving access to work, leisure etc.,
 - (b) Connectivity between the Tees Valley and other regional and national centres to improve both mobility and our logistics industry, a key driver of economic growth, and
 - (c) Connectivity internationally, to scale up exports and inward investment
24. These ambitions cover road, rail, air and sea for freight, passengers, commuters and visitors.
25. The main powers exercised by ITAs are:
- (a) Subsidising bus services which are not profitable to run but are considered socially necessary.
 - (b) Providing/maintaining bus stations and shelters and planning and funding new public transport facilities.
 - (c) Providing travel information about transport services.
 - (d) Funding/managing concessionary travel schemes for the elderly, disabled, students, etc. including free passes and "Dial-a-Ride" services.

- (e) Potentially obtaining more powers over buses through Quality Contracts (QC) or Quality Partnerships.
 - (f) Certain powers over local train services including influencing setting of fares and timetables.
 - (g) Producing a Joint Local Transport Plan for the area.
26. In relation to economic development, we would assume broad well-being powers to promote economic prosperity, have the power to accept devolved funding for economic development purposes and to manage significant investment in transport and economic infrastructure to boost economic growth.
27. The scope for devolution of greater powers in future is significant. Greater Manchester CA has developed a Framework for Planning Cooperation, which is designed to take a collaborative approach to land use for housing and economic growth across its 10 local authority areas. This is one example.
28. The report 'Northern Futures' outlines some key asks, including devolved powers and resources to create competitive advantage with other regions nationally and internationally across key areas of energy, skills, international trade, transport and connectivity, resources, culture and tourism. The 'asks' range from rebalancing resource distribution to a more equitable share to support growth in northern regions, but devolved responsibilities around skills (to target STEM skills needs, for example), support for renewable energy, carbon capture and storage, and greater development of new and emerging markets / economies in support of international trade.
29. There has never been a better time to establish a CA.

What Would the CA do?

30. The principal functions of the CA would be to:-
- (a) Set the strategic economic vision, key priorities and outcomes for the Tees Valley area, in relation to:-
 - (i) Economic Development;
 - (ii) Strategic Transport and Infrastructure
 - (iii) Employment and Skills
 - (iv) Business Investment
 - (v) Low Carbon
 - (b) Fulfil other duties and responsibilities including to:-
 - (i) determine the use of funding received for joint purposes;
 - (ii) approve the commissioning of capital projects; and
 - (iii) consider funding agreements and joint venture arrangements

- (c) **Appendix 1** shows the proposed Terms of Reference for the CA setting out a comprehensive list of its functions in relation to each of the functional areas in (i) above. It also sets out the decisions that the CA would take, alongside the decisions to be taken by the local authorities.

Who would be Members of the CA and how would Membership work?

31. The CA would consist of a representative Member appointed by each of the five Tees Valley Authorities, with the intention being that this would be either the Authority's Leader or directly elected Mayor, each with one vote. The term of office of each Member would be for one year. Each Leader / Elected Mayor could take responsibility for a specific portfolio within the CA's remit, working with the support of other Members through a designated Sub-Committee (see 5.7 below).
32. Each constituent Authority would nominate a specified Member (e.g. relevant Cabinet portfolio Member / Committee Chair) to be a substitute to attend meetings of the CA, when a representative Member is unable to attend, or at a time when there is a vacancy in respect of the Authority's representative Member.
33. A constituent Local Authority may terminate the appointment of its representative Member and nominated substitute at any time and may appoint others in place of those Members. A representative Member or nominated substitute may resign his/her membership of, or position on, the CA at any time by providing for the appropriate notice.
34. A representative Member or nominated Substitute would cease to be a representative Member or Substitute if they cease to be a Member of the constituent Council that appointed them. Appropriate notice would be given. As soon as practicable, the relevant Authority would arrange to appoint a new representative Member or nominated substitute.
35. Members on the CA could co-opt others (e.g. business representatives) in line with the current TVU Leadership Board.
36. The Chair and Vice-Chair would be appointed annually for a one year term by the CA from amongst the representative Members of the constituent Local Authorities and the positions would rotate between the constituent Councils each year.
37. The constitution of the CA would include the ability to create a sub-committee for transport functions given the extent of the powers of and Integrated Transport Authority that would need to be managed by the CA.
38. **Appendix 2** sets out some detail of the current TVU management and financial arrangements. It then goes on to set out the detailed proceedings of the CA.

What would be the Relationship with the LEP?

39. 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. In other parts of the country where Combined Authorities have been set up, they continue to operate the LEP in a separate, if coordinated, cycle of meetings to the CA. Our intention is to join them together, supported by a single officer team (TVU staff), with a single agenda.
40. It would be necessary to ensure that meetings are chaired and managed appropriately. There is a requirement for LEPs to be chaired by someone from the private sector and constitutionally a CA should be chaired by an Elected Member. Local authorities are involved in, advise and are represented on the LEPs, usually through the Council Leader, and businesses can be involved in, advise and be represented on a CA. 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.
41. It would be possible to enhance governance arrangements by ensuring Leaders and the Elected Mayor, when not chairing the CA, each acts as a spokesperson for a specific theme in a similar way to the current arrangements with the LEP, e.g. Cllr Dixon speaking on transport issues and with these roles each having a corresponding business “shadow”, maintaining and enhancing the strength of the current arrangements.
42. It is important as part of any future developments that the excellent delivery and working arrangements that we have currently (through our LEP) are preserved but that transparency and accountability of democratic decision-making is at its core.
43. To facilitate and provide for effective governance arrangements going forward LEP and CA meetings would essentially be one meeting with a two-part agenda.
44. The LEP element of the meeting would be chaired by a representative of the Business Community (with a local authority Vice Chair who would be the Chair of the CA). Local authorities would continue to be involved in, advise and influence the business of the LEP, as now. This is not a decision making body as decisions would be taken by the CA.
45. The meeting would then seamlessly move to the business of the CA. For that aspect which is decision-making, the Chair would be a local authority elected member. The decisions would be taken by those representatives with voting rights, with others in attendance.
46. If the intention is that membership of the CA is afforded to all LEP members, then this would aid a seamless approach.

How would Scrutiny Arrangements work?

47. Part 6 of the Local Democracy, Economic Development and Construction Act 2009 states that every CA must put into place arrangements for the review and scrutiny of the discharge of its functions.
48. CLG has set out to all local authorities what it sees as good practice in relation to governance and scrutiny and this formed the basis of its recent consultation on Combined Authorities and Economic Prosperity Boards, to which the Tees Valley responded. CLG's proposal to amend the legislation is expected to be confirmed.
49. The proposed scrutiny arrangements for the Tees Valley CA are therefore based upon and incorporate the CLG guidance, plus items which have been included in the current Orders for the new Combined Authorities published by the Secretary of State.
50. We propose a Scrutiny Panel of 3 Councillors from each of the Tees Valley constituent councils. This is consistent with a number of Combined Authorities already set up and would produce a sensible number of Councillors to be a Panel for the Tees Valley. Membership of the Scrutiny Panel must be politically proportionate.
51. The quorum of the CA Scrutiny Committee is proposed to be 7, which must include representatives of 3 out of the 5 Tees Valley Authorities. There could not be a minority of councils making recommendations on behalf of the majority.
52. Whilst it is anticipated that it would have the ability to 'call-in' decisions of the CA, the work programme of the Scrutiny Panel is intended to encompass upstream work: reviewing, informing and shaping policy and decisions and the direction of the CA. This would help to ensure that any decisions which are made by the CA are in line with its agreed policies. The Greater Manchester Scrutiny Panel is deemed to be working well under this model with Members examining significant areas of policy in relation to the CA's business.
53. The support necessary to run the CA Scrutiny Committee arrangements (i.e. any necessary resources and staff) is intended to be provided by the Authority of the Chair, and is to rotate annually between the Tees Valley Authorities in the same way.
54. It is intended that by operating the support in this way that the Scrutiny arrangements can be run at little or no extra cost to the CA, with the support work being absorbed into the relevant Authority's day to day work. This is similar to the arrangement already in place at the Greater Manchester CA, where it is working effectively. The democratic services officers already in place at Manchester City Council run the scrutiny panel in practice, and have been able to absorb the extra work into their own department. West Yorkshire CA have also confirmed that there is to be no additional cost associated with their own scrutiny arrangements. As part of the development of the new arrangements further work will be undertaken to establish the support arrangements and model for scrutiny. Darlington may incur

some additional support costs as it doesn't have dedicated Scrutiny Support following recent reductions in the core Democratic Team. More detail behind the scrutiny arrangements is set out in **Appendix 3**.

Update on the Timetable to becoming a CA

55. There are 4 stages to the process of becoming a CA as defined by Government, and this dictates, in part, the timescale for securing this status.
56. First, we have to review our governance arrangements and we did this in the form of our detailed options appraisal that was reported to Leaders and the Elected Mayor in the Spring. Having concluded that the CA is right for the Tees Valley (and this will be subject to confirmation through the Cabinet / Finance and Policy Committee reports indicated in the Next Steps below), we move to stage 2.
57. Stage 2 is the drawing up of what is known as our "scheme"; what the CA is, what its powers are intended to be, who is on it, how it would operate. The contents of this report would form the basis of the scheme. We would work closely with officials at the CLG to prepare this. Much of the detail within this report and its appendices would form the basis of our scheme. It is expected that we would have consulted locally on our scheme before submitting it to Government. In accordance with our own good practice as local authorities we would want to do this anyway. Outline plans for consultation are set out below.
58. Stage 3 involves Government engaging and consulting on our scheme. We will have consulted locally already, effectively warming up our partners, business and stakeholders to the benefits of our proposals. If Government concludes that our proposals are supported (including by our own local authorities) and meet statutory criteria of improving the efficiency and effectiveness of transport and economic development and delivering economic growth, then Government moves to stage 4.
59. Stage 4 involves the laying of an Order before both Houses of Parliament. Once approved by both Houses, the Order is made and then comes into force on a specified, pre-agreed date.
60. In broad terms, we expect to report to Cabinets / Finance and Policy committee in November / early December to seek approval for our proposals and to progress to local consultation. We anticipate that, subject to the outcome of consultation, we would be ready to submit our scheme to Government in February / March 2015. The General Election takes place in May 2015 and there will undoubtedly be a delay in proceedings within Government for several weeks afterwards. There is a need for the Order to be debated in both houses of Parliament so the most likely conclusion is that the earliest our CA could come into being is October 2015 or during the winter of 2015/16. It may be desirable to consider our CA as operating in shadow form, through our LEP, ahead of its formal approval by Parliament. This would aid a seamless transition.

How would we Consult on our Proposals?

61. A detailed consultation plan has been developed and will be implemented subject to all five Cabinets' / Finance & Policy Committee's approvals. Considerable work has already been undertaken to inform key stakeholders about our ambitions and the rationale for a CA for the Tees Valley, but consultation will commence in earnest as soon as all five authorities have approved this report. Set out below is a summary of the approach to consultation.

Who

62. There are a range of organisations, groups, individuals which form part of the proposed consultation arrangements.

- (a) Darlington Partnership
- (b) Business Improvement District
- (c) Darlington Cares
- (d) Association of North East Councils / North Yorkshire Councils
- (e) Businesses and Business Organisations
- (f) Colleges / Schools
- (g) Durham Tees Valley Airport
- (h) Government Departments and Agencies
- (i) Members of Parliament and House of Lords representatives
- (j) North Yorkshire LEP
- (k) Parish and Town Councils
- (l) Ports
- (m) Regional and Sub Regional Newspaper Editors
- (n) Residents
- (o) TVLEP / NE CA
- (p) Trade Unions
- (q) Universities
- (r) Other partners

When

63. The timescales have been predicated based on other elements already incorporated into the overall project plan. The current plans are working to a Cabinet report in December 2014. The consultation with those groups detailed above is therefore to be arranged and delivered from 11 December 2014 through to January 2015.

What

64. For each of the target groups there are a range of potential options. Taking the examples cited from the NE CA, which was recommended to us by CLG, the proposal would be as follows.

- (a) Key documents and FAQ and contact information for feedback on each LA website

- (b) Letter and/or Email to key stakeholders inviting direct response to proposals
- (c) Key contacts for each key consultee for more detailed discussion for feedback if required
- (d) Workshops hosted by Leaders / Elected Mayor / TVU on proposals with consultees
- (e) Online consultation with residents via each authority website
- (f) Article in the Darlington Together

TERMS OF REFERENCE AND PROCEEDINGS OF THE PROPOSED CA

Terms of Reference

The CA, and the Joint Committee before it should we need one, would have the following terms of reference and delegated powers:-

NB the Terms of Reference are still draft and subject to development and further consideration through the Working Group.

Economic Development

- 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
- Undertake economic assessment, research and provide an evidence base for economic strategy at the Tees Valley level and at the Borough level.
- Prepare and submit policy responses to consultations that impact on the economy of the Tees Valley
- Develop and manage interventions, projects and programmes which respond to the economic strategy of the Tees Valley
- Prepare and submit funding bids for interventions, projects and programmes which respond to economic strategy at a Tees Valley level.
- 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.

The CA would approve the Tees Valley-level economic strategy (comprising e.g. the Statement of Ambition, Investment Plan, Business Plan, Action Plans etc).

The constituent Local Authorities would, in the interests of each of their respective administrative areas, provide such input into the preparation of the economic strategy as may be required.

The CA would approve the submission of responses to consultations.

The constituent Local Authorities would provide such input as may be required to support such preparation and submission.

The CA would approve the submission of funding bids.

The Constituent Councils would provide any necessary support for the preparation of such bids.

The local authorities would continue to prepare and agree their own economic development and regeneration strategies and plans as they wish, for the delivery of locally elected members' ambitions. These plans and those of the CA should be consistent and mutually complementary

Employment and Skills

- Take a lead role in relation to Employment and Skills policy initiatives.
- Lead on activities to drive the TVU Employment Skills Advisory Group.
- Lead activities to develop the Tees Valley Employment, Learning and Skills Framework and encourage implementation across the five Local Authority areas.
- Influence high level content of the DWP Work Programme and FE provision.
- Develop links and Employment and Skills policy alignment with 14-19 activities.
- 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.
- Engage with DWP providers/employers on the ground to facilitate closer working between partners and create additional/sustainable job opportunities across the Tees Valley.
- 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
- 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).
- Coordinated the production of Tees Valley materials and resources to support and develop aspirations and choice, working closely with all partners.
- Co-ordinate a sub-regional network of key partners/providers to manage co-ordinated employer support for multiple vacancies etc.
- Work with employers, Sector Skills Councils etc to develop/facilitate sector focussed training opportunities linked to areas of future growth in the labour

market.

- Ensure that employment and worklessness initiatives are effectively targeted at those farthest from the labour market.

Ensures that local and national initiatives are coordinated into a coherent programme of support for young people, adult learners and employers

- Work with partners/key employers to develop more structured opportunities for unemployed people to access jobs.

Business Investment

- Undertake business engagement and support including SMEs in consultation with the Local Authorities.
- Develop and approve a strategy and action plans for work of Tees Valley level significance in relation to:
 - Investment by both UK and foreign owned companies
 - Relocation into the Tees Valley from another UK source
 - Investment for the first time by non-UK companies
 - Exporting by Tees Valley companies
 - Supply chain development
- 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.
- Identify existing and emerging opportunities, defining marketing targets by industry sectors/sector analysis and developing strategy.
- Undertake marketing to attract Tees Valley level opportunities into the Tees Valley.

The CA would approve a Tees Valley wide strategy for business investment, inward relocation, exporting and supply chain development.

The constituent Local Authorities would inform the development of the strategy, providing such input as may be appropriate or required in respect of their respective administrative areas.

Local authorities would continue to be able to provide their own levels of business investment and support, in relation to their own economic development and regeneration strategies and plans aligned with but mutually complementary to those of the CA.

Low Carbon

- Undertake project and financial management of studies linked to the Low Carbon

Strategy.

- Liaise with Government departments and agencies to address barriers to investment.
- Coordinate consultation responses to a range of related consultations from Government, including National Planning Statements and energy policy, as well as EU legislation.
- 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.
- Assist in the preparation of funding bids for industry projects for national and European funds and the Green Investment Bank.
- Further developing relationships with NEPIC, CPI and other groups such as PICCSI and other relationships to assist in the delivery of key projects.
- Help to develop and articulate Tees Valley's offer as one of the largest integrated low carbon networks in Europe.
- Examine new delivery vehicles for the key projects.

Transport

The main powers exercised by ITAs are:

- a) Subsidising bus services which are not profitable to run but are considered socially necessary.
- b) Providing/maintaining bus stations and shelters and planning and funding new public transport facilities.
- c) Providing travel information about transport services.
- d) Funding/managing concessionary travel schemes for the elderly, disabled, students, etc. including free passes and "Dial-a-Ride" services.
- e) Potentially obtaining more powers over buses through Quality Contracts (QC) or Quality Partnerships.
- f) Certain powers over local train services including influencing setting of fares and timetables.
- g) Producing a Joint Local Transport Plan for the area.

The Tees Valley does not have an ITA, therefore specific functions for the Tees Valley CA would be:

- Develop and approve the Rail Strategy
- Develop and approve the Transport and Infrastructure Strategy including transport topics of significant importance e.g. Rail, Strategic road network and Airports.

- Manage and develop the successful on-going strategic relationship with the Highways Agency, and other Government departments and agencies (ie DfT, Network rail, rail franchise holders)
- Deliver modelling and analytical support for scheme and strategy schemes.
- Approve and submit bids for funding for Tees Valley level transport schemes.
- Develop, approve and implement in collaboration with the Local Authorities capital project procurement for transport schemes at a Tees Valley level.
- Represent those Authorities comprising the CA within regional, pan-northern and national fora lobbying for more investment in infrastructure

The CA would approve the Rail Strategy and the Transport and Infrastructure Strategy.

The constituent Local Authorities would provide such input and support as may be required.

The CA would approve and submit bids for transport scheme funding.

The constituent Local Authorities would provide support for and input to the development of such bids.

The CA would approve the procurement of Tees Valley level transport schemes.

The constituent Local Authorities would assist with the development and implementation of such procurement.

Other Duties/Responsibilities

- Determine the use of money that comes to TVU for joint purposes, such as Growing Places Fund, DfT Major Schemes, and any Regional Growth Fund, ERDF, ESF etc coming to TVU collectively.
- Decide strategic enablement and investment from the monies generated from TVU activities such as recycling of business rates uplift funds generated by Enterprise Zones.
- Determine the use of money allocated to TVU, such as funding allocated to TVU by local authorities and other bodies.
- We should include the General Power of Competence as far as it relates to the delivery of the CA's functions.

The CA would approve the use of monies received for joint purposes.

The constituent Local Authorities would provide such support and advice as may

be required.

The CA would approve strategic enablement and investment from funding generated by TVU activities.

The constituent Local Authorities would provide appropriate advice and support to ensure that the most advantageous strategic enablement and investment takes place.

The CA would approve the use of funds allocated to TVU.

The constituent Local Authorities would assist TVU to put such funds to the most appropriate use by providing such support and guidance as may be required or necessary.

Underpinning the powers of the CA (and those of the local authorities) would be the notion of subsidiarity: doing the right thing, in the right place, at the right level.

APPENDIX 2

TVU, TVU COSTS, FINANCIAL ARRANGEMENTS, EFFECTIVE COLLABORATION AND PROCEEDINGS OF THE COMBINED AUTHORITY

TVU

TVU staff are employees of Stockton-on-Tees Borough Council (“SBC”) and would continue to be managed by the Managing Director and his management team.

For the purposes of the CA, the head of paid service would be known as the Chief Executive. The Chief Executive would continue to provide high level strategic direction for TVU, and would be accountable to the CA and LEP and work closely with the Local Authority Chief Executives and their Senior Officers.

TVU staff would provide all necessary professional expertise and support to enable the CA to discharge its functions; to advise the CA on matters within its terms of reference and to provide secretarial and administrative support to the CA.

TVU Costs

TVU costs are the costs of TVU/SBC employees, provisions, transport, supplies and service and support services.

Financial Arrangements

SBC would continue to be the accountable body for the CA as it is for TVU currently.

TVU costs and any costs related to the operation of the CA would be allocated to each Local Authority in the following agreed proportions:-

Darlington Borough Council	15.80%
Hartlepool Borough Council	14.67%
Middlesbrough Borough Council	20.89%
Redcar & Cleveland Borough Council	20.98%
Stockton-on-Tees Borough Council	27.66%

*(NB – taken from the 31 March 2011 Joint Agreement for the Governance of Tees Valley Unlimited)

The Local Authorities and CA would agree the TVU Costs and costs related to the operation of the CA prior to the 28 February of each year. There would be a timetable for discussion between the local authorities and the CA on budget requirements in advance of this date and it is intended that budget requirements would be considered on a three year rolling programme.

Each Local Authority's contributions (except for SBC) would be paid on the 1 April, July, October and January of each year.

The CA would be required to draw up its own financial regulations and standing orders. Like any organisation there are a number of financial practices that the CA would need to undertake such as the production of a medium term financial plan, audit, payroll, treasury management, etc. There are, however, a number of additional requirements a CA would need to undertake. These include, the production of a statement of accounts, the appointment of an independent external auditor, a separate bank account and separate government returns such as VAT.

It is proposed, to minimise costs and streamline the process, that financial support, including the Statutory Section 151 Officer role, would be provided by one of the constituent authorities. Financial procedures and practices would also follow those of the constituent authority.

The costs attributable to the CA in exercise of its functions relating to economic development, transport and skills including economic investment (such as the Growth Fund, EZ income and European Funding) (together with any start-up costs) would be apportioned between the constituent authorities as outlined under the arrangements above.

Based on the analysis undertaken to date, it is estimated that there will be minimal additional costs for each local authority in the running of the CA. There will, however, be some additional costs associated with the set up of the new body, such as Audit Fees, but these will be kept to a minimum.

If the CA has assets, we may need to consider the powers required for the CA to borrow against those assets.

Effective Collaboration

Although the Chief Executive of the CA would be accountable to that authority (through the Chair - a Leader or Elected Mayor), made up of its constituent members, it must be seen that in all purposes this is within an effective collaboration across all five of the Tees Valley 'family' of authorities, as it is now. The Chief Executive would work very closely with all the local authority Chief Executives (as now). S/he would be fully cognisant of the political drivers and strategic imperatives of the member authorities (and business community) as now. S/he would meet regularly with local authority Chief Executives, as now, to conduct LEP and CA business, ensuring all authorities are 'lined

up', as now, to facilitate a smooth approach to decision-making at the CA. It should be noted that the CA would be expecting this collaborative approach, so accountability of the CA Chief Executive through the Chair would also be, in effect, accountability to the wider family of Leaders and elected Mayor and their Chief Executives.

Proceedings of the CA

The CA would hold an Annual Meeting each year, and at least three other meetings during the year.

In the event of a casual vacancy occurring in the office of Chair or Vice Chair of either the CA the constituent Authority by whom the previous Chair or Vice Chair was nominated, would nominate a successor to hold office for the remainder of the term of office of the member in respect of whom the vacancy arose.

If both the Chair and Vice-Chair are absent from a meeting of the CA, one of the other representative Members would be appointed to preside over the meeting.

The Chair in consultation with the Vice-Chair, may call a meeting of the CA at any time and would call a meeting within seven working days if required by at least 3 of the representative Members.

The agenda for the CA meetings would be agreed in consultation with the Chair and Vice Chair.

A summons to attend a meeting, specifying the business proposed to be transacted at the meeting would be sent to each representative Member and a copy would also be sent to the Chief Executive of and two other officers specified by each constituent Authority.

Meetings would be held at such place and at such times as the Chair shall, in consultation with the Vice Chair determine.

Decision-making would be structured to ensure that issues of critical importance to the Boroughs, such as those which placed costs or risks on the Borough Councils, were taken only by Leaders and the elected Mayor. The CA would not have the power to incur expenditure on other authorities, nor would it have 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 CA constitution, including the investment, business and financial plans (see below).

To retain unity of purpose across work done by local authorities individually and the work of the CA, joint decision-making on strategy and business planning would be put in place. For example, the constitution of the CA would set out that decisions would 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 TVU and the CA will work

- Investment Plan
- Annual rolling TVU / CA Medium-Term (3-4 year) Financial Plan, including local authority financial contributions
- Annual Business Plan

Beyond these, each matter arising at a meeting of the CA would 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 would have one vote and no Member would have a casting vote.

If a vote on any matter is tied, it would be deemed not to have been carried.

Three representative Members and/or nominated substitutes would represent a quorum.

Minutes of the proceedings of the CA would be taken and would be submitted to the next ordinary meeting (or Annual Meeting, as appropriate) for approval.

Copies of the minutes of the meetings would be provided for each of the Local Authorities within 7 working days of a meeting.

The CA may appoint such Committees or Sub-Committees (e.g. in connection with the EU Structural and Investment Fund), with such quorum of representative Members as may be determined.

The meetings of the CA's Committees, or any of its Sub-Committees, would be public meetings unless exempt or confidential information is to be discussed.

The Tees Valley LEP has already transferred Investment Panel part A meetings into the Tees Valley ESIFS Committee in 'shadow' form (October 2014) to comply with EU regulations. This is a sub-committee of Government (CLG) and its relationship with the LEP will simply transfer to become a relationship with the CA.

Duration, Variation and Termination

The CA would be established by the Secretary of State through a statutory order approved by resolution of each House of Parliament. It can only be abolished by order of the Secretary of State, and with the consent of a majority of the constituent Councils.

That consent would make appropriate provision for:-

- the redeployment, transfer or secondment and/or payment of the costs of redundancy, including pensions liabilities, of any employees who would no longer be required following termination/abolition.
- the closing of any related redundant accounts and the payment of any relevant outstanding costs.
- the sharing of any costs or other liabilities relating to the continued occupation

and/or termination of occupation of any accommodation no longer required.

- the sharing of any costs or liabilities regarding any funding arrangements, other agreements or contracts.
- the disaggregation of any (non-personnel) assets (financial or otherwise), rights and liabilities.
- all of these costs or liabilities to be shared in the same proportions as the Local Authority contributions to the funding of TVU costs (the costs of employees, premises, transport, supplies and services and support services)

Withdrawal from the CA can only take place in accordance with the relevant legislative requirements.

A withdrawing Local Authority would have to make appropriate provision for:-

- the redeployment, transfer or secondment and/or payment of the costs of redundancy, including pension liabilities, of any employees who would no longer be required following the withdrawal of the relevant Council and for the relevant Council to be responsible for such costs.
- the payment by the relevant Council of its share of any accounts or outstanding costs.
- the sharing of any costs or other liabilities relating to the continued occupation and/or termination of occupation of any accommodation no longer required for the purposes of the arrangements.
- the sharing of any costs or liabilities regarding any funding arrangements, other agreements or contracts
- the disaggregation between the relevant Council and the other Councils of any assets (financial or otherwise), rights and liabilities at the time of the relevant Council's withdrawal, and assuming that the relevant arrangement (CA) is to continue in operation.
- all of these costs or liabilities be shared in the same proportions as the Local Authority contributions previously referred to.

The disaggregation of any assets, rights and liabilities may, however be deferred by the remaining Councils to a future date which they determine, where they consider that the disaggregation would prejudice the operation of the relevant arrangements.

Where a Council has given notice of withdrawal and the remaining Councils consider that it would be more appropriate for the relevant arrangement as a whole to be terminated by mutual agreement, the relevant provisions about mutual agreement would apply

Dispute Resolution

Any dispute or question arising between the Local Authorities in relation to the arrangements for the operation of the CA would be referred for determination to an independent expert, in accordance with provisions regarding the experts appointment; timescale for making of a determination; opportunity for the parties to the dispute to make representations; expert's fees and expenses; costs; and the binding nature of the determination.

APPENDIX 3

DETAIL OF THE SCRUTINY ARRANGEMENTS

The term of office for representatives is to be for one year from the date of the annual Council meeting. If a representative ceases to be a Councillor, or wishes to resign from the Scrutiny Panel, the relevant Council shall inform the CA secretariat and the replacement representative shall serve for the remainder of the original representative's term of office. This mirrors the arrangements in the South Tees Heath Scrutiny Committee.

The draft Scrutiny Protocol also provides that a Chair and Vice Chair (to come from different political groups) shall be elected annually, with the position to rotate between the Constituent Councils each year. Additionally, the Chair is required to be a member of the opposition.

The support necessary to run the CA Scrutiny Committee arrangements (ie any necessary resources and staff) is intended to be provided by the Authority of the Chair, and is to rotate annually between the Tees Valley Authorities in the same way.

It is intended that by operating the support in this way that the Scrutiny arrangements can be run at little or no extra cost to the CA, with the support work being absorbed into the relevant Authority's day to day work. This is similar to the arrangement already in place at the Greater Manchester CA, where it is working effectively. The democratic services officers already in place at Manchester City Council run the scrutiny panel in practice, and have been able to absorb the extra work into their own department. West Yorkshire CA have also verbally confirmed to us that there is to be no additional cost associated with their own scrutiny arrangements, as the work would be absorbed by

existing staff, in their case staff at what used to be their Passenger Transport Executive

With regard to the call in procedure, Members of the Scrutiny Panel shall have the power to call in any decision by the Executive Board or of the CA.

Five Members of the Scrutiny Panel are required to object to a decision before a call-in can be implemented, and are to have a 5 day period following the publication of any decision to effect the call-in.

Manchester Scrutiny Panels work involves a high level overview of their own CA's growth or reform plans. Recent items from their 2013 and 2014 calendar include an overview of the Greater Manchester Growth and Reform Plan which proposes to eliminate the gap between public spending and tax generated in that region, and overview of various growth or reform projects relating to housing, worklessness, youth unemployment and infrastructure. It is therefore anticipated that the CA's work programme would encompass reviews of the CA's policies and overview of any projects which the CA set up once in existence.

This approach would ensure a greater role for elected Members in the governance of the CA (when compared to current arrangements with TVU).