
TEES VALLEY COMBINED AUTHORITY

Responsible Cabinet Member – Councillor Bill Dixon, Leader

Responsible Director - Ada Burns, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. This report seeks the consent of Cabinet to the making of the Tees Valley Combined Authority (Borrowing) Regulations 2018.

Summary

2. The Tees Valley Combined Authority was established on 1 April 2016 with the support of the 5 Tees Valley Councils. In September 2016 the first tranche of funding of £15m was transferred to the Combined Authority as a flexible revenue grant directed to the Tees Valley's priorities. On 4 May 2017 the inaugural mayoral elections took place.
3. The powers of the Combined Authority have been established by the devolution of powers from central government and formalised by a number of statutory instruments which prescribe and delineate the powers granted. The process followed in the making of a statutory instrument requires the consent of the local authorities within the area of the combined authority before an order can be made.
4. Shortly before Christmas, information was received via the Combined Authority that a statutory instrument called the Tees Valley Combined Authority (Borrowing) Regulations 2018 has been drafted, with the purpose of widening the borrowing powers available to the Combined Authority to cover all of its functions. A copy of the draft Regulation is attached at **Appendix 1**.
5. The Secretary of State would like all of the constituent local authorities to consider and give consent to the draft statutory instrument before the end of January 2018 to enable the process to laying the instrument before Parliament to progress.
6. Members should note that although the Local Government Act 2003 gives local authorities wide ranging borrowing powers, these are more constrained for combined authorities. Section 23(5) limits the borrowing powers of a combined authority to a purpose that is relevant to its transport functions only unless this

is widened by statutory instrument to cover other functions.

7. The Combined Authority already has the power to borrow for transport functions. The new statutory instrument will extend borrowing to cover all of the existing functions of the Combined Authority including:
 - Regeneration and economic development;
 - Powers from the Local Government Act 1972 to encourage visitors and provide conference and other facilities;
 - Duty from the Housing Act 1985 to review housing needs;
 - Functions from the Education Act 1996 in relation to education and training for persons over compulsory school age;
 - Power from the Local Government Act 2003 to pay grants to local authorities;
 - Duty from the 2009 Act to prepare an assessment of economic conditions; and
 - Functions from the Localism Act 2011 including the power to designate mayoral development areas and the functional power of competence.
8. The normal constitutional checks and balances provided for by the constitution of the Combined Authority will apply to decision making concerning the budget and borrowing. The Investment Plan of the Combined Authority which deals with the allocation of resources, includes borrowing and requires the agreement of the Combined Authority Cabinet as part of the annual budget setting process and also for any in year changes.
9. The Combined Authority will have an agreed debt cap which will impose annual maximum limits on the Combined Authority's long term debt under agreement with HM Treasury. The Combined Authority will also be bound, as are all local authorities, by the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities.

Recommendation

10. It is recommended that:-

- (a) Cabinet consents to the making of the Tees Valley Combined Authority (Borrowing) Regulations 2018.
- (b) Subject to this being agreed, authority is delegated to the Chief Executive, in consultation with the Leader of the Council, to give the Council's consent to the final draft Order being made when requested by the Secretary of State.

Reasons

11. The recommendations are supported by the following reasons:

- (a) To enable the Tees Valley Combined Authority to have borrowing powers to cover all of its functions.
- (b) Consent from the constituent councils of the Tees Valley Combined Authority is required by Government before this legislation can be laid before Parliament.

**Ada Burns
Chief Executive**

Background Papers

None

Luke Swinhoe: Extension 5490

S17 Crime and Disorder	There are no specific impacts on Crime and Disorder
Health and Well Being	There are no specific implications for Health and Well Being
Carbon Impact	Not applicable.
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 is not a key decision
Urgent Decision	This is an urgent decision. The constituent Local Authorities are being asked to consent to the proposed draft statutory instrument by the end of January 2018.
One Darlington: Perfectly Placed	The flexibility to borrow can potentially help support the aspirations for economic growth in Darlington
Efficiency	The flexibility to borrow can potentially help effective and timely resources allocation when required.
Impact on Looked After Children and Care Leavers	The report does not impact on Looked After Children or Care Leavers