

## **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 Combined Authority, 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 Combined Authority 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 Combined Authority to discharge its functions; to advise the Combined Authority on matters within its terms of reference and to provide secretarial and administrative support to the Combined Authority.

### **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 administering body for the Combined Authority as it is for TVU currently.

TVU costs and any costs related to the operation of the Combined Authority 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 Combined Authority would agree the TVU Costs and costs related to the operation of the Combined Authority prior to the 28 February of each year. There would be a timetable for discussion between the local authorities and the Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority. 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 Combined Authority has assets, we may need to consider the powers required for the Combined Authority to borrow against those assets.

### **Effective Collaboration**

Although the Chief Executive of the Combined Authority 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 Combined Authority business, ensuring all authorities are 'lined up', as now, to facilitate a smooth approach to decision-making at the Combined Authority. It should be noted that the Combined Authority would be expecting this collaborative approach, so accountability of the Combined Authority 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 Combined Authority**

The Combined Authority 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 Combined Authority 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 Combined Authority, 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 Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority, joint decision-making on strategy and business planning would be put in place. For example, the constitution of the Combined Authority would set out that decisions would be taken in accordance with the following framework agreed by the Combined Authority AND formally by each local authority individually:

- Statement of Ambition: the strategy in accordance with which TVU and the Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority 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 Combined Authority'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 Combined Authority.

### **Duration, Variation and Termination**

The Combined Authority 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 Combined Authority 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 (Combined Authority) 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 Combined Authority 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.