

MINUTE EXTRACT

Cabinet Meeting – 12th February 2015

1. Title of Item/Report

A Combined Authority for the Tees Valley

2. Record of the Decision

Consideration was given to a report on Combined Authority for the Tees Valley.

The report provided information on the outcome of the consultation results, details of the Draft Scheme and an outline of the future timetable.

At the Cabinet meeting of 4 December 2014 a report was received in respect of the potential creation of a Combined Authority for the Tees Valley (including Darlington, Hartlepool, Middlesbrough, Stockton and Redcar & Cleveland). As part of the report it was agreed to undertake consultation as outlined and receive a further report prior to the submission of a draft scheme to the Secretary of State.

The report incorporated a recap on the rationale for the establishment of a Combined Authority (the original report was attached for Members information) and how it would support the achievement of economic goals, the results from the consultation and the draft scheme for submission to the Secretary of State.

A great strength of the area had 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 Local Enterprise Partnership (LEP), had firmly established the sub-region on the national stage. Building on the strengths of the partnership, it was clear that new arrangements and powers would:-

- Combine the strengths of the LEP with new powers afforded by a Combined Authority
- Be non-bureaucratic. A Combined Authority which operated as the LEP would achieve this
- Be cost-effective. The analysis estimated that there was limited additional cost across the Tees Valley to deliver more effective decision-making and delivery of the 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 continued work in harmony with business

The Authorities were hugely ambitious for the Tees Valley and the communities. The existing governance arrangements had served the Tees Valley well but it was a fast changing world and it was essential that the Tees Valley built on its success. The economy could only grow if the Tees Valley Authorities all work together, and the speed at which change was occurring warrants an appraisal of options that would help to strengthen decision-making and further develop the partnership.

The Tees Valley wanted to be a big player, competing successfully alongside other, often much larger, sub-regions, both in the UK and internationally. The Tees Valley had always been ahead of the competition as illustrated by the establishment of the Enterprise Zone and RGF awards, for example. The Tees Valley had achieved this through being innovative, collaborative and creative. The Tees Valley must remain in the premier league, rather than risk lagging behind. The Tees Valley had a strong track-record of working together, recognised nationally, but it had an opportunity to cement the partnership through a Combined Authority and benefit from the security of approach this would bring for the Tees Valley and its partners.

The funds for which TVU was responsible would 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. The Tees Valley would need to ensure that the decision-making, accountability and claw-back in relation to these funds were effective, efficient and meet the requirements of funders.

Part of the rationale for the Combined Authority was to make decision-making more efficient by requiring just one decision instead of five locally. The major prize, however, was the devolution of powers from Government and the opportunities afforded by reversing decades of centralisation in the UK.

As a Combined Authority, the Tees Valley would want to attain the same level of powers on transport as had been held by Integrated Transport Authorities (formerly Passenger Transport Authorities) which had been transferred to every one of the five newly created Combined Authorities. The Tees Valley was unique in that it did not have an Integrated Transport Authority. Attaining the same transport powers as other Combined Authorities would support the ambitions to accelerate economic growth, recognising the need to improve:-

- Connectivity within the Tees Valley, improving access to work, leisure etc,
- 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
- Connectivity internationally, to scale up exports and inward investment

These ambitions covered road, rail, air and sea; for freight, passengers, commuters and visitors.

In relation to economic development it was assumed broad well-being powers to promote economic prosperity, had the power to accept devolved funding for economic development purposes and to manage significant investment in transport and economic infrastructure to boost economic growth.

The creation of a Combined Authority would benefit the communities by improving the Tees Valley ability to:-

- Create employment opportunities;
- Target resources to skills development where they are most needed;
- Attract businesses here to make the most of opportunities especially in new and emerging industries as we diversify our economy; and

- Create the transport infrastructure and strategy that helps people and goods move around the Tees Valley more effectively, and between the Tees Valley and other centres both nationally and internationally.

There had never been a better time to establish a Combined Authority.

As was highlighted in the last report the Combined Authority 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.

Members on the Combined Authority could co-opt others (e.g. business representatives) in line with the TVU Leadership Board. The Chair and Vice-Chair would be appointed annually for a one year term by the Combined Authority from amongst the representative Members of the constituent Local Authorities and the positions would rotate between the constituent Councils each year.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 stated that every Combined Authority must put into place arrangements for the review and scrutiny of the discharge of its functions. The proposed scrutiny arrangements for the Tees Valley Combined Authority were based upon and incorporate CLG guidance and it was proposed that there be a Scrutiny Panel of 3 Councillors from each of the Tees Valley constituent councils. This was 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.

As agreed as part of the report in December 2014 a consultation process had been running across all five local authorities. Attached to the report were the results of the consultation which provided more detail than was included in the report.

The consultation ran from 10 December 2014 to 31 January 2015 and was publicised through press releases, inclusion on authority websites, social media and direct contact across the five boroughs.

In total there were over 1900 responses (of which 1638 were residents) which was a significant return. It was important that the numbers of responses were maximised (hence the promotion around the consultation). As context, when the consultation was undertaken in the north of the region in respect of the establishment of their Combined authority there were a total of 650 responses to the consultation (of which 450 were residents).

The results were supportive of the creation of a Combined Authority. A number of people did not answer the question. Of the 1828 responses almost 65% were in favour of the creation of a Combined Authority (with 27% against and 8% don't know).

In addition to the responses to the questions posed there had been a number of comments made. These had been both in favour and against the creation of a Combined Authority and a range of them were reflected in the attached report.

The results of the consultation were clearly in favour of the creation of a Combined Authority and a strong endorsement of the proposals.

The Authorities were required to submit a draft scheme for the operation of the Combined Authority to the Secretary of State to lay the appropriate orders in Parliament.

A draft Terms of Reference was submitted to Cabinet in December. Attached to the report was the proposed Draft Scheme for submission to the Secretary of State for the Combined Authority. There were no significant differences between the draft scheme and the draft Terms of Reference previously submitted. It set out a comprehensive list of its functions in relation to each of the functional areas. It also set out the decisions that the Combined Authority would take, alongside the decisions to be taken by the local authorities.

Based on this, the principal functions of the Combined Authority would be to:-

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

There were a number of stages to the process of becoming a Combined Authority as defined by Government, and this dictated, in part, the timescale for securing this status.

Following consideration of the matter by respective Cabinets / Finance and Policy Committees officers from each of the five councils had been working on the drawing up of the “scheme” what the Combined Authority was, what its powers were intended to be, who was on it, how it would operate. It was expected that there would be consultation locally on Tees Valley scheme before submitting it to Government.

Following consideration by each of the Finance and Policy Committees / Cabinets the proposals included in the report required consideration and endorsement by each of the respective Councils before submission to the Secretary of State.

The next stage involved Government engaging and consulting on the Tees Valley scheme. The Tees Valley had consulted locally already, effectively warming up the partners, business and stakeholders to the benefits of the proposals and providing the opportunity for any comments and views to be expressed. If Government concluded that the proposals were supported and meet statutory criteria of improving the efficiency and effectiveness of transport and economic development and delivering economic growth, then Government would move to the final stages.

The final stage involved the laying of an Order before both Houses of Parliament. Once approved by both Houses, the Order is made and then would come into force on a specified, pre-agreed date.

In broad terms the Tees Valley would be ready to submit the scheme to Government in early April 2015.

The General Election would take place in May 2015 and there would undoubtedly be a delay in proceedings within Government for several weeks afterwards. There was a need for the Order to be debated in both houses of Parliament so the most likely conclusion was that the earliest the Combined Authority could come into being was October 2015 or during the winter of 2015/16.

RECOMMENDED to Council that:-

1. The positive nature of the consultation results be noted.
2. The Draft Scheme be referred to Council for consideration and endorsement prior to submission to the Secretary of State.
3. Authority be delegated to the Chief Executive in conjunction with the Leader of the Council to make any minor changes which may be required to the draft scheme through the negotiation process with the Department for Communities and Local Government.
4. Further reports may be forthcoming to Cabinet as required following DCLG processes.