

The Tees Valley (Functions) Order 2017

About this report.

Section 105B of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”), inserted by section 7 of the Cities and Local Government Devolution Act 2016, which sets out the procedure for making orders under section 105A of the 2009 Act, provides that at the same time as laying a draft of a statutory instrument containing an order under that section before Parliament, the Secretary of State must lay before Parliament a report explaining the effect of the order and why the Secretary of State considers it appropriate to make the order.

This report accompanies the Tees Valley Combined Authority (Functions) Order 2017, which is to be made, subject to Parliament’s approval, under provisions within the 2009 Act including section 105A.

1. Description of the Combined Authority

1.1 The Tees Valley Authority (“TVCA”) was established on 1 April 2016, by the Tees Valley Combined Authority Order 2016 (S.I. 2016/449)¹, to enable co-ordination and integration of economic development, regeneration and transport functions. The TVCA is constituted of the local authorities for the areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. A devolution deal was agreed between the Government and local leaders in October 2015 to confer additional functions onto the TVCA and for TVCA to be led by an elected Mayor.

1.2 The Tees Valley Combined Authority (Election of Mayor) Order 2016 (S.I. 2016/783)² provides for there to be a mayor for the area of the TVCA and specifies the term of office for the Mayor, the dates on which elections for the return of a mayor shall take place and the intervals between elections. The first election is to take place on 4 May 2017.

1.3 The provisions in this Order confer on the TVCA, to be exercised by the Mayor, the functions required to designate mayoral development areas leading to the creation of mayoral development corporations. This is as stated in the Devolution Deal.

2. Conferral on TVCA of public authority functions: powers

2.1 Section 105A(1(b)) of the 2009 Act (other public authority functions) provides that the Secretary of State may by order make provision for conferring on a combined authority in relation to its area a function corresponding to a function that a public authority has in relation to another area.

2.2 Section 105A(2)(a) of the 2009 Act provides that an order may include further provision about the exercise of the function including provision for the function to be exercisable by the

¹ <http://www.legislation.gov.uk/uksi/2016/449/contents/made>

² <http://www.legislation.gov.uk/uksi/2016/783/contents/made>

public authority or combined authority subject to conditions or limitations specified in the order.

2.3 Section 114 of the 2009 Act empowers the Secretary of State by order to make incidental, consequential, transitional or supplementary provision for the purposes of, or in consequence of, an order under Part 6 of that Act or for giving full effect to such an order. Section 117(5) of the 2009 Act provides that an order under Part 6 of the 2009 Act may include provision amending, applying (with or without modifications), dis-applying, repealing or revoking any enactment whenever passed or made. These powers have been used to modify the application of the provisions in the Localism Act 2011 to the TVCA.

3. Effect of the Order; considerations informing the Secretary of State's decision

3.1 Mayoral Development Corporations

3.1.1 Part 8, Chapter 2 of the Localism Act 2011 ("the 2011 Act") provides the Mayor of London with powers to designate mayoral development areas leading to the creation of mayoral development corporations. These include powers in relation to:

- the designation of mayoral development areas;
- the exclusion of land from mayoral development areas;
- the transfer of property etc to mayoral development corporations;
- the functions in relation to Town and Country Planning;
- the removal or restriction of planning functions;
- discretionary relief from non-domestic rates;
- reviews;
- the transfers of property, rights and liabilities;
- dissolution: final steps;
- guidance by the Mayor; and
- directions by the Mayor.

3.1.2 Schedule 21 to the 2011 Act provides the Mayor of London with functions in relation to mayoral development corporations, including:

- to provide for the membership of mayoral development corporations;
- for the terms of appointment of members;
- for staff;
- for remuneration of members and staff;
- for committees of mayoral development corporations; and
- for proceedings and meetings.

3.1.3 The Devolution Deal³ agreed between local leaders and the Government, announced on 23 October 2015, stated that the new directly elected Mayor for the TVCA would exercise the function of creating new mayoral development corporations for the area. The Devolution Deal states that: "*This new corporation will seek to prioritise economic development and housing on under-developed land within the Tees Valley.*"

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470127/Tees_Valley_Devo_Deal_FINAL_formatted_v3.pdf

3.1.4 On 19 February 2016⁴, local leaders and the Government announced that work would commence to create the first mayoral development corporation outside of London. This announcement followed the closure of the SSI Steelworks site in Redcar and Cleveland, with the objective to drive growth and investment, create jobs and secure the economic future of the Tees Valley.

3.1.5 On 7 June 2016⁵, Lord Heseltine published his independent report into the Tees Valley, 'Tees Valley: Opportunity Unlimited', which reiterates the commitment to create a mayoral development corporation in the Tees Valley and details the opportunities to drive forward the economy of the area. Lord Heseltine's independent report stated that: *"This will be known as the South Tees Development Corporation and will cover the approximately 5,000 acres of industrial area to the South of the Tees. This will set the future strategy for the area and ensure that sites are not looked at in isolation. This will be the first MDC outside London and, with local leadership at its core, will bring together public and private expertise to ensure the area realises its full economic potential."* The report recommended: *"That the South Tees Development Corporation is established as quickly as possible and that Government and local partners put the relevant resource in place in order to realise this goal."*

3.1.6 Alongside plans to create a mayoral development corporation for the area, plans were announced to create a Shadow Board and an intermediate body. The Shadow Board has since been appointed, with its membership bringing together public and private sector expertise. It held its first meeting on 10 May 2016 and has met a number of times since. An intermediate body, the South Tees Site Company Limited, has also been established, which will ensure the ongoing safety and security of the site in advance of the establishment of the mayoral development corporation. The Government has now recruited a Chief Executive for the intermediate body and the Shadow Board. The Chief Executive will help manage the site of SSI in liquidation and take the lead role in shaping the future vision for the South Tees area.

3.1.7 Having had regard to the Devolution Deal, the governance review and scheme, the Independent Review, the broader context surrounding the Order, and the consents from the TVCA and the five constituent councils of the TVCA, the Secretary of State considers that conferring the ability to designate a mayoral development area onto the TVCA, to be exercised by the Mayor, leading to the creation of a mayoral development corporation is appropriate. This will allow the TVCA and the Mayor to take control of the regeneration of the area and drive local growth.

4. Consultation

4.1 The TVCA would be required to conduct a statutory consultation before a mayoral development area could be designated and therefore a mayoral development corporation established. This consultation would be undertaken by the Mayor of the TVCA. However, as per the transitional arrangement contained in the Order this will be a requirement on the Chairman of the TVCA until 8 May 2017. Due to this requirement to consult prior to the

⁴ <https://www.gov.uk/government/news/new-body-to-secure-investment-for-tees-valley>

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/527649/Tees_Valley_Opportunity_Unlimited.pdf

designation of a mayoral development area, the Secretary of State considers that consultation is not necessary at this time.

5 Material considered by the Secretary of State

- Tees Valley Devolution Deal
- TVCA Governance Review⁶
- TVCA Scheme⁷
- Lord Heseltine's independent report 'Tees Valley: Opportunity Unlimited'
- Announcements made by the Government and local partners concerning the former SSI steelworks site and the Tees Valley
- The consent of the TVCA and the five constituent authorities in the Tees Valley

⁶ <https://teesvalley-ca.gov.uk/wp-content/uploads/2016/07/Doc-A-Governance-Review-Final-160716-2.pdf>

⁷ <https://teesvalley-ca.gov.uk/wp-content/uploads/2016/07/Doc-B-Scheme-final-160716-1.pdf>