

**EXPLANATORY MEMORANDUM TO**  
**THE SOUTH TEES DEVELOPMENT CORPORATION (ESTABLISHMENT)**  
**ORDER 2017**

**2017 No. 718**

**1. Introduction**

- 1.1 This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

**2. Purpose of the instrument**

- 2.1 This Order establishes a Mayoral Development Corporation (“the Corporation”) named the “South Tees Development Corporation”, for an area in Redcar and Cleveland Council encompassing industrial areas.

**3. Matters of special interest to Parliament**

*Matters of special interest to the Joint Committee on Statutory Instruments*

- 3.1 None.

*Other matters of interest to the House of Commons*

- 3.2 As this instrument is subject to the negative procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

**4. Legislative Context**

- 4.1 The Tees Valley Combined Authority (Functions) Order 2017 (“the 2017 Order”)<sup>1</sup> confers onto the Tees Valley Combined Authority (“the Combined Authority”) in relation to its area functions corresponding to the functions that the Mayor of London has in relation to Greater London, including the designation of an area to establish a Corporation. The 2017 Order modifies these functions and provides that these are to be exercised by the Mayor of the Tees Valley Combined Authority (“the Mayor”) from 8 May 2017. The 2017 Order also contains transitional arrangements, allowing the Chair of the Combined Authority to exercise these functions in advance of this date.
- 4.2 Under section 197(1) of the Localism Act 2011 (“the 2011 Act”), as modified by the 2017 Order, the Mayor is given the power to designate any area of land in the Combined Authority as a mayoral development area, provided:
- the Mayor considers that this is expedient for furthering economic development and regeneration in the Combined Authority area;
  - the Mayor has consulted the statutory consultees as well as others whom the Mayor has considered it appropriate to consult and has had regard to any comments made by these consultees;

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<sup>1</sup> <http://www.legislation.gov.uk/uksi/2017/250/contents/made>

- if the Mayor disagrees and does not accept the comments made by any of the statutory consultees, has published a statement giving reasons for non-acceptance; and
- the Mayor has laid a document before the Combined Authority, stating that the Mayor proposes to designate an area as a mayoral development area, and a period of 21 days has elapsed without the Combined Authority rejecting the proposal.

4.3 Section 198 of the 2011 Act requires the Secretary of State, if notified by the Mayor that a mayoral development area has been designated, to make an Order establishing a Corporation for this area. The Secretary of State is required to give the Corporation the name proposed by the Mayor.

## **5. Extent and Territorial Application**

5.1 This instrument extends to England and Wales.

5.2 The territorial application of this instrument is England.

## **6. European Convention on Human Rights**

6.1 As the instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

### *What is being done and why*

7.1 The Government and local leaders in the Tees Valley announced a devolution deal for the area in October 2015.<sup>2</sup> Following this, on 19 February 2016, local leaders and the Government announced proposals to establish a mayoral development corporation for the Tees Valley, the first such corporation outside London.<sup>3</sup> The objective of the proposal was to drive forward growth and investment, create jobs, and support local communities in the area in light of the closure of the SSI steelworks site in Redcar and Cleveland. On 7 June 2016, Lord Heseltine published his independent report ‘Tees Valley: Opportunity Unlimited’, which reiterated the need to establish a mayoral development corporation as quickly as possible to drive regeneration, jobs and growth in the local area.<sup>4</sup>

7.2 The Government, working with the local area, has made progress with implementing the commitments in the devolution deal. The devolution deal included the commitment for the directly elected Mayor to hold the powers from the 2011 Act to designate a mayoral development area.

7.3 The Tees Valley Combined Authority was established on 1 April 2016.<sup>5</sup> On 19 July 2016 the position of Mayor was established for the Combined Authority.<sup>6</sup> On 3 March 2017 the powers from the 2011 Act to designate a mayoral development area were conferred on to the Combined Authority, to be exercised by the Mayor, and transitional arrangements were included to allow progress to be made before the

<sup>2</sup> <https://www.gov.uk/government/publications/tees-valley-devolution-deal>

<sup>3</sup> <https://www.gov.uk/government/news/new-body-to-secure-investment-for-tees-valley>

<sup>4</sup> <https://www.gov.uk/government/publications/tees-valley-opportunity-unlimited>

<sup>5</sup> <http://www.legislation.gov.uk/ukSI/2016/449/contents/made>

<sup>6</sup> <http://www.legislation.gov.uk/ukSI/2016/783/contents/made>

Mayor took office. On 16 March 2017 a further Order was made to confer other powers from the devolution deal and make constitutional changes to the Tees Valley Combined Authority.<sup>7</sup> The first mayoral election took place on 4 May 2017 and the Mayor took office on 8 May 2017.

- 7.4 Taking forward this work is of economic importance to the local area, and the newly elected Mayor, Ben Houchen, agrees that a mayoral development corporation is necessary. The Mayor has followed the procedures set out in the 2011 Act, as modified by the 2017 Order, and has notified the Secretary of State for Communities and Local Government of the area to be included within the Corporation and the name of the Corporation.
- 7.5 The Order therefore establishes a Corporation for an area that includes the site of the former SSI steelworks site in Redcar and Cleveland and associated land. In addition, the Corporation covers the wider industrial area and infrastructure, allowing regeneration work to be taken forward in a holistic manner. The Corporation's boundary is depicted on the map that accompanies this Order and encompasses:
- Coatham Sands and South Gare
  - Coatham Marsh
  - Redcar Bulk Terminal
  - Redcar SSI
  - Redcar Tata Steel
  - Redcar Steel House
  - Bran Sands
  - Sembcorp Utilities Corridor
  - PD Ports – Teesport
  - British Steel
  - Lackenby Steelmaking
  - Grangetown Prairie
  - Bolckow Industrial Estate
  - South Tees Freight Park
  - South Bank
  - PD Ports – Tees Commerce Park
- 7.6 The principle objective of the Corporation will be to take strategic leadership of the site to co-ordinate and drive regeneration in the area. The Corporation will take forward the work that has been led by the Shadow South Tees Development Corporation Board and the South Tees Site Company, which were established to take the lead in shaping the future vision for the South Tees area and to help manage the SSI in liquidation. The Department also confirms that a Written Ministerial Statement and Departmental Minute have been laid that update the indemnity for site assessments previously provided on 12 October 2016:  
<http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2016-10-12/HCWS182/>.

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<sup>7</sup> <http://www.legislation.gov.uk/ukxi/2017/431/contents/made>

7.7 The Government is satisfied that the Mayor has fulfilled the requirements of section 197 of the 2011 Act.

## **8. Consultation outcome**

8.1 In accordance with section 197 of the 2011 Act, as modified by the 2017 Order, the Chair of the Combined Authority consulted on the proposed Corporation. The consultation took place between 23 December 2016 and 10 March 2017 and was conducted in accordance with the transitional arrangements that the 2017 Order specified, and also in line with the precedent set during the establishment of London Legacy Development Corporation, where the consultation started before the legislation was in force.

8.2 The proposals covered the site of the former SSI steelworks site, as well as the wider industrial area and infrastructure. The statutory consultees were the Combined Authority, Redcar and Cleveland Council and the Member of Parliament whose constituency contains the proposed Corporation area. The Chair also invited responses to the proposals from others who were considered appropriate to consult.

8.3 Full details of the consultation and the response to submissions are available on the Combined Authority website:  
<https://teesvalley-ca.gov.uk/wp-content/uploads/2017/03/Tees-Valley-Combined-Authority-Agenda-Papers-22nd-March-2017.pdf>

8.4 A total of 29 consultation responses were received. As this consultation was carried out under the transitional arrangements in the 2017 Order, and therefore led by the Chair of the Combined Authority, the Combined Authority did not submit a response to the consultation. The other statutory consultees, Redcar and Cleveland Council and Anna Turley MP, whose constituency contains the industrial area of the proposed Corporation, did respond. The other four constituent councils of the Combined Authority also responded to the consultation, together with businesses operating in the industrial area such as PD Ports and Tata Steel. The responses to the key questions posed were as follows:

- Respondents agreed that the establishment of the Corporation would be the most effective way to deliver regeneration and support the economic transformation of the area.
- Most respondents expressed the need to ensure that the Corporation does not adversely impact on the operation of business both inside and outside the Corporation's boundary, particularly in relation to the service dependencies running through the site, or by creating displacement from other parts of the region.
- Many respondents expressed the importance of ensuring appropriate and robust management of risks and liabilities that may arise from the management of the site. In particular, respondents stated the need for the Government to meet its obligations to fund the costs arising from the closure of the steelworks site, and to support regeneration work.
- All respondents supported the proposals for inclusion of the area of land set out in the consultation document. An additional request was submitted by Tata Steel to extend the boundary to include some Tata Steel owned land. This would extend the proposed area into the Coatham Marshes, which is managed by the Tees Valley Wildlife Trust. The Wildlife Trust confirmed their support

for the proposal, identifying the potential benefits to the long-term environmental management of the entire Corporation site.

- Given that the proposed Corporation area is wholly contained within the area of Redcar and Cleveland Council, specific consideration was given to the Council's response as the planning authority and a statutory consultee. While the option exists to pass planning powers to the Corporation, on balance the Council concluded that this would not be necessary at this stage. The Council's response set out the considerable experience it has with complex industrial sites and that it would apply this experience in close partnership with the Corporation. Any future transfer of planning functions to the Corporation will require the consent of Redcar and Cleveland Council, as set out in the 2017 Order.

8.5 On 22 March 2017, the Chair of the Combined Authority laid a document before the Combined Authority stating that he was proposing to designate a mayoral development area.<sup>8</sup> The document presented by the Chair reflected the additional proposal made by Tata Steel for the Corporation to cover an additional 60 hectares of land and thus to encompass all Tata Steel owned land in the industrial area. The Combined Authority Board accepted this proposal and this is reflected in the final map for the Corporation's boundary. The document also confirms that, as the 2017 Order requires, the Chair had regard to the comments made through the consultation. The Chair did not disagree with any of the comments made by the statutory consultees and so there was no need to publish a statement giving reasons for non-acceptance. The 21 day consideration period expired without the Chair's proposal being rejected by the Combined Authority.

8.6 On 4 April 2017, an overview and scrutiny committee of the Combined Authority considered the proposals for the designation of a mayoral development area. The proposal was accepted with no comments. This additional overview and scrutiny requirement was contained in the 2017 Order, as a transitional arrangement, while the Chair exercised the powers from the 2011 Act. This is because the Chair lacks the direct accountability of an elected Mayor.

8.7 On 9 June 2017, the Mayor formally publicised the designation of a mayoral development area, and on 13 June 2017 notified the Secretary of State of this designation and the name to be given to the Corporation – the South Tees Development Corporation.

## **9. Guidance**

9.1 No guidance is necessary to accompany this Order.

## **10. Impact**

10.1 The Order has no impact on business, charities or voluntary bodies.

10.2 In relation to the public sector, this Order will have minimal impact. It establishes a new body that will exercise concurrent functions and powers of existing public bodies, and any costs relating to its establishment will be met by the Tees Valley Combined Authority.

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<sup>8</sup> <https://teesvalley-ca.gov.uk/wp-content/uploads/2017/03/Tees-Valley-Combined-Authority-Agenda-Papers-22nd-March-2017.pdf>

10.3 An Impact Assessment has not been prepared for this instrument.

**11. Regulating small business**

11.1 The legislation does not place any additional regulatory burden upon small business.

**12. Monitoring & review**

12.1 Section 215 of the 2011 Act requires the Mayor to review from time to time whether or not a Corporation should continue in existence.

**13. Contact**

13.1 Ruth Miller at the Department for Communities and Local Government (Telephone: 0303 444 2547 or email: [ruth.miller@communities.gsi.gov.uk](mailto:ruth.miller@communities.gsi.gov.uk)) can answer any query regarding the instrument.