



Chief Executive's Department
Civic Centre
HARTLEPOOL

14 November, 2016

Councillors C Akers-Belcher, S Akers-Belcher, Barclay, Beck, Belcher, Black, Buchan, Clark, Cook, Cranney, Fleming, Hall, Hamilton, Harrison, Hind, Hunter, James, Lauderdale, Lawton, Lindridge, Loynes, Martin-Wells, Moore, Dr. Morris, Richardson, Riddle, Robinson, Sirs, Springer, Tempest, Tennant, Thomas and Thompson

Madam or Sir,

You are hereby summoned to attend the EXTRAORDINARY COUNCIL meeting to be held on THURSDAY, 24 NOVEMBER 2016 at 7.00 p.m. in the Civic Centre, Hartlepool to consider the subjects set out in the attached agenda.

Yours faithfully

G Alexander
Chief Executive

Enc

EXTRAORDINARY COUNCIL AGENDA



24 November 2016

at 7.00 pm

**in the Council Chamber,
Civic Centre, Hartlepool.**

- (1) To receive apologies from absent Members;
- (2) To receive any declarations of interest from Members;
- (3) To deal with any business required by statute to be done before any other business;
- (4) To consider the report of the Chief Executive – Tees Valley Combined Authority – Constitution, Mayoral Power and Functions.

COUNCIL

24 November 2016



Report of: Chief Executive

Subject: TEES VALLEY COMBINED AUTHORITY –
CONSTITUTION, MAYORAL POWER AND
FUNCTIONS

1. PURPOSE OF REPORT

- 1.1 This report seeks Council's approval to give consent to the laying of an Order before Parliament that would determine the powers and functions of the Tees Valley Combined Authority, following its establishment as a mayoral combined authority under the Devolution Act. Similar reports are being presented to all five Borough Councils in their capacity as constituent councils in the current cycle of meetings. Provided all five Councils have given their consent, along with the Combined Authority which meets on 25 November 2016, the Secretary of State will lay the necessary Order before Parliament.

2. BACKGROUND

- 2.1 In October / November 2015, all five Tees Valley authorities gave their approval, (or approval in principle), to the historic Devolution Deal signed in principle on 23 October 2015 (**Appendix A**). As outlined in that agreement and in summary, a directly elected Mayor for the Tees Valley would Chair the Combined Authority and, as part of the Tees Valley Cabinet, would exercise the functions associated with a consolidated transport budget and the creation of Mayoral Development Corporations through the devolution of such functions by Central Government. In addition, the Combined Authority working with the Mayor would also exercise the following devolved powers:

- The creation of a Tees Valley Investment Fund, to deliver a 30 year programme of transformational investment,
- Control over a new funding allocation of £15m a year over 30 years to boost growth,
- To comprehensively review and redesign education, skills and employment support in the Tees Valley, and to take devolved responsibility for adult education,
- Greater influence over public transport; including rail links within and

beyond Tees Valley, and inclusion in the new Buses Bill to allow greater local involvement in improving bus services,

- Greater influence over European funding (and a stronger basis to establish post-Brexit funding arrangements)
- Responsibility for a devolved approach to business support from 2017.

- 2.2 Since the conclusion of the ‘Devolution Deal’, a great deal has happened, and this report sets out that progress, and the current position on which Council’s approval is now sought. This report also outlines the proposed constitutional and governance arrangements associated with a Tees Valley Combined Authority and to enact the devolution of powers and responsibilities in line with the Tees Valley Devolution Deal. Following an earlier governance review and a proposal from the Tees Valley, Parliament approved the Tees Valley Combined Authority Order 2016, which established a Combined Authority for the Tees Valley with effect from 1 April, 2016. Subsequently, the Tees Valley Combined Authority (Election of Mayor) Order 2016, provided for the election of a Mayor to take place on 4 May, 2017, for an initial three year term and thereafter a term of office based on four years. The process now requires a second Order to be laid before Parliament, making amendments to the original Combined Authority Order to implement the new powers and establish appropriate checks and balances. It is this which now requires the consent of Council (**Appendix B**).

In parallel, the Combined Authority is developing its own Constitution, to reflect the checks and balances agreed locally, in line with the statutory provisions. This has been considered by the Combined Authority’s Overview and Scrutiny Committee, and at members’ seminars in each of the five authorities. The Constitution determines an “embedded” model for a Tees Valley Mayor, in which consensus and collaboration are a cornerstone of effective decision-making. In broad terms, the Mayor can make proposals, but needs to secure the support of the individual councils, with unanimity on key provisions, and a requirement for effective consultation and scrutiny.

- 2.3 At a meeting of Hartlepool Borough Council’s full Council held on 12 November 2015, the Devolution Deal was supported “subject to this Council’s approval to and detailed involvement in the formulation of the Constitution of the new Combined Authority”. Further it was resolved by Council “that a robust communication strategy is developed prior to the 1st April 2016 to articulate to Hartlepool residents that Hartlepool is not losing any decision making power, but will be part of a new additional body involved in decision making currently undertaken within Central Government”. Members were involved at an early stage in considering the Constitution at a Members Seminar which was held on the 24th June 2016. In addition, the proposed Constitutional arrangements for the Tees Valley Combined Authority are being considered by full Council, rather than through executive arrangements which operate in the other Tees Valley authorities.

2.4 The report covers:

1. Establishment of the Tees Valley Combined Authority
2. Progress on the development and delivery of the Devolution Deal
3. The Tees Valley (Election of Mayor) Order
4. Checks and Balances.
5. Recent consultation on the proposed powers of the Mayor
6. Draft Mayoral Combined Authority Constitution
7. Next Steps (Timescales going forward)

3. ESTABLISHMENT OF THE TEES VALLEY COMBINED AUTHORITY

- 3.1 Tees Valley has a long track-record of public and private partnership working to address strategic economic development, and transport matters. This dates back to 1996 with the formation of the Tees Valley Joint Strategy Unit (JSU). This collaborative, cross boundary approach included area wide strategy and vision development - Tees Valley Vision, Tees Valley City Region Business Case, Tees Valley City Region Transport Strategy, the Tees Valley Statement of Ambition, and the Strategic Economic Plan. The Councils have, through Tees Valley Unlimited (TVU), pooled strategic economic functions, covering business engagement, economic strategy, inward investment, strategic transport, and investment planning.
- 3.2 The Council Leaders and Middlesbrough Mayor play a vital role in ensuring that the focus and direction of Tees Valley strategies and investments are in touch with the needs of local residents. Together with local councillors, they form a crucial link to the people in Tees Valley, ensuring Tees Valley's needs are centre stage and their identities and interests are protected. Together with business leaders, an effective and high achieving voluntary partnership existed for many years before the establishment of the Combined Authority. But now there is an opportunity to go further faster to realise the great potential in the local economy through the Combined Authority. Tees Valley will be established as a statutory vehicle for local democratic decision-making over funding and responsibilities that were previously exercised by Whitehall and its agencies.
- 3.3 The Tees Valley Combined Authority was, as mentioned, formally established in April 2016 following public consultation both through the Tees Valley in the submission of its scheme and by the Secretary of State in accordance with legislative requirements, together with approvals from each local authority and ultimately through Parliament. Members from across all Tees Valley authorities have been involved in workshops and meetings that have helped shape the Combined Authority's first constitution so that it builds on the success of, and formalises, many years of joint working across the area.

- 3.4 The Combined Authority is a separate legal entity in its own right and all Members can access details of its meetings, reports etc through the Combined Authority web site: www.teesvalley-ca.gov.uk
- 3.5 The Combined Authority's Overview and Scrutiny Committee has now been established with three members (politically balanced) from each of the constituent councils and members have also been appointed to serve on the Audit and Governance Committee and the Tees Valley Transport Committee.

4. TEES VALLEY DEVOLUTION DEAL

- 4.1 Tees Valley faces great challenges, and the opportunities afforded by working together are significant. Hence, in the summer 2015, the opportunity was taken to negotiate a Devolution Deal with Government.
- 4.2 The deal which was agreed in October 2015 was firmly focused on driving economic growth across a range of areas: transport; education and skills, housing and place; business growth; culture; and innovation and energy.
- 4.3 The devolution deal included a commitment of £15m per annum additional investment funding for 30 years coming to Tees Valley, the first annual installment of which has now been received. It also provided additional flexibilities in the use of existing funding so that the Combined Authority will be able to establish a significant single pot and have the ability to move money between years and between funding streams, in order to better meet local priorities. With opportunities for further funds to be added in future, not only should the size of the pot increase, but the flexibilities to use funds between years allows for much more ambitious investment planning in the Tees Valley than we have previously enjoyed. For Hartlepool, this provides the opportunity for more sustained investment in our key priorities, with longer-term commitments to support the development of our creative and maritime quarters, enterprise zones, transport connections and key housing sites.
- 4.4 Some other specific gains from the early implementation of the Devolution Deal include:
- Responsibility for upwards of £500 million programme of investment over 5 years, with the potential of additional resources through preferential access to other national funds.
 - Ability to establish locally led development corporations
 - Progress towards the establishment of a Land Commission to address brownfield sites and surplus public sector owned land for development
 - National support for Tees Valley's four key transport infrastructure

projects, now considered as part of Transport for the North (new Tees crossing, East- West A66 corridor from A1(M) to Teesport, Darlington HS2 Hub, rail electrification from Northallerton to Teesport)

- Government funding for our Growth Hub, to pump-prime business support initiatives, matched with European funding to create the new Business Compass support programme.
- The establishment of an Education and Skills Board, with devolved learning and skills funding
- The devolution of Apprenticeship Grant for Employers to support SMEs to take on apprentices
- Government support for key industrial opportunities; including carbon capture and storage proposals, and development of the Hydrogen economy
- A stronger influence on the post-Brexit funding environment

4.5 Government guidance is that being a Mayoral Combined Authority with a devolution deal would mean that we have an advantage in securing Local Growth Fund money. The Tees Valley has already received £97 million from the first two rounds of this fund, and a further (smaller) round is now underway. An ambitious bid has been submitted and the announcement is due following the Government's Spending Review on 23 November 2016. As part of the Devolution Deal, Tees Valley is receiving this funding as a flexible 5-year programme for local decision, rather than for specific shorter-term projects selected by ministers.

4.6 Whilst Government insists that a Mayor is required as part of our deal, we have maintained a clear position that the establishment of the Mayor would be accompanied by checks and balances to embed a Mayoral / Cabinet model, building on our track record of collaboration.

5. TEES VALLEY (ELECTION OF MAYOR) ORDER 2016

5.1 In July 2016, the Tees Valley (Election of Mayor) Order was passed in Parliament. This led to the creation of the position of Tees Valley Mayor, and set out a date of 4 May 2017 for an election, and an initial term of three years, to be followed by four-year terms after that. At this stage, the position of Tees Valley Mayor comes with no formal legal powers or functions which is the purpose of the next Order, which is the subject of this report. These provisions are then shaped by the locally-determined Combined Authority Constitution; which has to be consistent with the legal framework, but can interpret it according to our local circumstances.

6. RECENT CONSULTATION ON THE PROPOSED POWERS OF THE MAYOR

6.1 Tees Valley Combined Authority ran a statutory consultation on the proposals for how the Mayoral Combined Authority would work. The

consultation was open for six weeks from 11 July until 22 August, 2016 and 1160 people and organisations responded.

- 6.2 In Hartlepool, the Council leafleted 40,000 households to draw residents attention to the consultation. As a consequence Hartlepool had the highest resident response rate.
- 6.3 There were strong themes around making sure that the changes did not bring about unnecessary bureaucracy, the need for local Councils to retain their autonomy and a strong view that TVCA should not draw powers away from Local Authorities. There was also support for strong checks and balances in relation to the Mayor's powers. It is important to stress that under the Devolution Deal the Combined Authority will only draw powers from Central Government, and important protections are in place for individual councils. The issues regarding checks and balances in relation to the Mayors powers have been taken into account in the drafting of the Mayoral Combined Authority Constitution (see **Appendix C**) upon which comments from Council are requested.
- 6.4 Overall, the responses to the consultation which are directed at the key issues give support to the proposals to make governance changes as part of the overall Devolution Deal. In broad terms, the public are sceptical about the need for a Mayor, but supportive of devolution, and of the need for strong constitutional protections. There is a need for further communication and engagement as this process moves forward. The local business community has expressed strong support, and is committed to engage positively with this process.
- 6.5 The consultation report is available at <https://teesvalley-ca.gov.uk/tees-valley-combined-authority/devolution/tees-valley-mayoral-combined-authority-consultation/>

7. CHECKS AND BALANCES

- 7.1 The clear aim of the Combined Authority is to work by consensus, with the new Mayor working as one with the Combined Authority Cabinet. The Combined Authority has worked collaboratively to date and it builds upon a long history of joint working between councils. However, it is necessary to set out how decisions will be taken should there not be consensus so that the Authority can continue to operate. The way in which it is intended that decisions will be made is set out in detail in the key decisions table below.
- 7.2 While some powers devolved from Government will sit legally with the Tees Valley Mayor, the proposed constitutional arrangements mean that powers can be operated in the spirit of a Mayor working with the Cabinet, and to share decision-making with Borough Council Leaders, who form the Combined Authority Cabinet. The basic principles are that the Tees Valley Mayor should have the support of a majority of council leaders for

their proposals; and for critical issues such as constitutional amendments and key investment plans, there should be unanimity in decision-making.

7.3 The Tees Valley devolution deal set out some of these checks and balances, but in many cases what is proposed in the draft Constitution goes further.

7.4 Tees Valley have negotiated hard with Government on how the Mayoral Combined Authority would work. Government's policy preference has been to centralise power in a Mayor to provide single accountability. We have negotiated the checks and balances which will be necessary to make the Mayoral Combined Authority work, in the context of the good partnership working that already exists in the Tees Valley. Important checks include:

- the rotation of a deputy mayoral role annually between the Borough Council Leaders / Mayor (the Mayor would be considered as being "present" through the attendance of the Deputy Mayor in his/her absence);
- the arrangements around a budget and strategy, where the budget can be rejected by a majority of leaders (in other areas the threshold is two-thirds);
- that the definition of majority voting should be a simple majority with no casting vote allowed;
- That in some votes, where there is significant financial impact on an individual authority, or where there is a proposal to establish development corporation powers, the leaders of any council directly affected has an effective veto.
- Highways and planning powers remain with the individual councils, and funding for highways functions (which has been enhanced through the devolution deal) is passed directly to the individual authorities and cannot be amended without their agreement.

7.5 What these checks and balances mean in practice, in terms of some of the key decisions that the Combined Authority will have to make, is set out in the table below:

7.6 Key Decisions Table

Decision	How	Rationale
Approval of the Tees Valley Investment Plan & adoption of a Medium Term Financial Plan (MTFP)	Unanimous decision of TV LA leaders and Middlesbrough Mayor, and Tees Valley Mayor ("present and voting in favour")	Decisions on investment plans for the Tees Valley are critical to economic growth and therefore require the approval of all leaders

4.

Setting of any transport levy under section 74 of the Local Government Finance Act 1988	Unanimous decision of TV LA leaders and Middlesbrough mayor, and Tees Valley Mayor (“present and voting in favour”)	Setting a levy (if any) would affect all households and so any decision requires unanimity
Such other plans and strategies as may be determined by the Combined Authority and set out in its standing orders	Unanimous decision of TV LA leaders and Middlesbrough Mayor, and Tees Valley Mayor (“present and voting in favour”)	Allows the Combined Authority flexibility to require unanimous decisions for sensitive issues in the future
Mayor’s Budget proposals	Proposed by the Mayor. Can be rejected if three out of the five local authority leaders / Middlesbrough Mayor choose to do so. In that event, an alternative budget will be prepared, for further consideration, taking on board earlier concerns.	The Mayor will propose and checks and balances will then operate on approvals.
Strategic Economic Plan including Mayoral Strategy and Strategic Transport Plan for the Tees Valley.	Developed in collaboration between the Tees Valley Mayor and the Local Authority Leaders / Middlesbrough Mayor; and proposed by the Tees Valley Mayor. The Mayoral Strategy and Strategic Economic Plan can be rejected if three fifths of the local authority leaders / Middlesbrough Mayor choose to do so. In the event of the rejection of a Mayoral Strategy, an alternative Strategy will then be Prepared.	This brings together the Mayor’s strategy and the Combined Authority strategy in a single document – the Strategic Economic Plan. The Mayor will propose and checks and balances will then operate on approvals.
Creation of Mayoral Development Corporations	Proposed by the Mayor. A proposal for an MDC can be rejected if three of the five members voting choose to reject it; or the member of the Combined Authority for a local authority which covers any part of the area within the proposed MDC does not give consent.	To propose an MDC the Mayor should have majority support of Leaders / Middlesbrough Mayor where that majority includes the Leader of any Authority where land proposed for the MDC lies.

8. DRAFT MAYORAL COMBINED AUTHORITY CONSTITUTION

- 8.1 The Tees Valley Combined Authority's original constitution, agreed at its inaugural meeting in April 2016, would need to be amended to reflect the changes highlighted in the further Order upon which the consent of the constituent councils is now sought in the terms outlined in this report.
- 8.2 The draft Constitution has been initially considered by the Overview and Scrutiny Members of the Combined Authority and their comments have been incorporated into the draft document. In addition, Members Seminars have been held in each Borough to discuss key themes. It will be the responsibility of the Combined Authority to consider and adopt its own constitution, but Members' views from this meeting will be collated and shared with the Combined Authority ahead of its own decision on the draft further Order. The Combined Authority is likely to be in a position to complete and agree its Constitution early in the new year, having reflected the views of Council members, Overview and Scrutiny, and the new statutory framework.

9. Next Steps

- 9.1 The next steps are as follows:
- All five Borough Councils to meet (either in council, or through their executive arrangements) to consider giving consent to the draft further Order by 24 November 2016
 - Tees Valley Combined Authority to meet to consider giving consent at its meeting on 25 November 2016
 - Secretary of State lays the Order before Parliament immediately thereafter.
 - Early 2017 – Parliamentary approval expected and the Order comes into law
 - Early 2017 – Combined Authority approves its new constitution
 - Process for the election of Tees Valley Mayor continues as now, with the date of the election as 4 May 2017.
 - The powers and functions become operative the fourth day following the election of the Mayor ie. from 8 May, 2017.

10. CONCLUSUION

- 10.1 Tees Valley has ambitious plans for growth which have underpinned our collaborative working in recent years, and the rationale for the establishment of the Combined Authority. Whilst a Tees Valley Mayor is not something that is possibly wanted, either by many Members or by the public, the prize on offer through the devolution deal is significant. Devolution provides opportunities for local democratic decision-making over issues previously determined by Whitehall, without a full understanding of local communities. It provides for higher levels of

investment, determined locally, and on a longer-term basis. Strong checks and balances have been established, with important protections for individual councils. It is in the interests of the whole of the Tees Valley to maintain our drive for growth and prosperity, hence the recommendation before Members to approve the attached draft Order.

11. RECOMMENDATIONS

11.1 Council is asked to:

- a) agree to consent being given to the proposed Order (**Appendix B**) being made by the Secretary of State.
- b) Subject to this being agreed, that authority is delegated to the Chief Executive, in consultation with the Leader of the Council, to give the Council's final consent to the Order being made when requested by the Secretary of State.
- c) Council considers the content of the draft Mayoral Combined Authority Constitution (**Appendix C**) and provides such comment for the consideration of the Combined Authority as it deems appropriate.

12. REASONS FOR RECOMMENDATIONS

- a) Consent from the constituent councils of the Tees Valley Combined Authority is required by the Department for Communities and Local Government before the draft Order as appended to this report, can be laid before Parliament.
- b) To enable the Tees Valley Combined Authority to amend their Constitution to reflect legislation relating to the powers and functions for a Mayoral Combined Authority and the constitutional arrangements agreed locally.

13. BACKGROUND PAPERS

Report to Council 12 November 2015.

Tees Valley Devolution Agreement



HM Government

NORTHERN  HM Government
POWERHOUSE



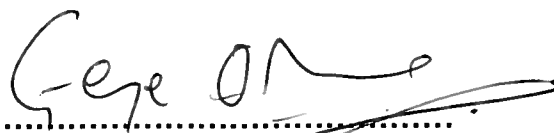
Middlesbrough
moving forward



Tees Valley Unlimited




.....
Cllr Bill Dixon
Leader, Darlington Borough Council




.....
The Rt.Hon. George Osborne
Chancellor of the Exchequer



.....
Cllr Carl Richardson
Deputy Leader, Hartlepool Borough Council



.....
Lord O'Neill of Gatley
Commercial Secretary to the Treasury



.....
Mayor Dave Budd
Mayor of Middlesbrough



.....
James Wharton
Minister for Local Growth and the Northern Powerhouse



.....
Cllr David Walsh
Deputy Leader, Redcar and Cleveland Council



.....
Paul Booth OBE
Chair, Tees Valley Unlimited Local Enterprise Partnership



.....
Cllr Bob Cook
Leader, Stockton-on-Tees Borough Council

Summary of the Devolution Deal agreed in principle by the Government and Tees Valley Shadow Combined Authority Leadership Board

The Tees Valley Shadow Combined Authority Leadership Board and the Government have agreed in principle a radical devolution of funding powers and responsibilities. A Combined Authority will be created as soon as possible and a directly elected Mayor for Tees Valley will be established from May 2017. The Mayor will work as part of the Combined Authority subject to local democratic scrutiny, and in partnership with business, through Tees Valley Unlimited, the Local Enterprise Partnership for Tees Valley. This agreement will be conditional on the legislative process, agreement by the constituent councils, and formal endorsement by the Tees Valley Combined Authority Leadership Board (which currently exists in shadow form).

The deal provides for the transfer of significant powers for employment and skills, transport, planning and investment from central government to the Tees Valley. It paves the way for further devolution over time and for the reform of public services to be led by Tees Valley. It enables the Combined Authority to create an Investment Fund, through a 30 year initial allocation of funding for capital financing of at least £15 million a year. Tees Valley will in addition have access to the Local Growth Fund and will benefit from new Enterprise Zones, subject to the current bidding round.

In summary, a new, directly elected Mayor of Tees Valley will act as Chair to the Tees Valley Combined Authority and will exercise the following functions devolved to that Authority:

- Responsibility devolved from Government for a consolidated transport budget, with a multi-year settlement to be agreed at the Spending Review
- Creation of new Mayoral Development Corporations and leadership of a land commission to examine what publicly owned land and other key strategic sites should be vested in the development corporation.

The Tees Valley Combined Authority, working with the Mayor, will exercise the following powers devolved to it:

- To create a Tees Valley Investment Fund, bringing together funding for devolved powers and used to deliver a 30 year programme of transformational investment in the region
- Control of a new £15 million a year funding allocation over 30 years, to be included in the Tees Valley Investment Fund and invested to boost growth
- Leadership of the comprehensive review and redesign of the education, skills and employment support system in Tees Valley
- Responsibility for a devolved approach to business support from 2017, to be developed in partnership with Government.

Further powers may be agreed over time and included in future legislation.

Governance

1. The proposal for a Mayoral Combined Authority (as defined in The Cities and Local Government Devolution Bill) is subject to final formal consent of the Combined Authority, the constituent councils, agreement of ministers, and to the enactment of the necessary primary legislation (The Cities and Local Government Devolution Bill) and to parliamentary approval of the secondary legislation implementing the provisions of this agreement.
2. Strengthened governance is an essential pre-requisite to any further devolution of powers to any city region. Through this deal Tees Valley will introduce a directly elected city region Mayor (i.e. a Mayor covering the whole city region, not just one local authority), who, working with other leaders as part of the (still to be established) Tees Valley Combined Authority will: provide overall leadership; be directly accountable to the Tees Valley electorate and have new powers on transport, housing and planning to drive through reforms to stimulate the area's economic growth.
3. The Mayor will be the Chair and a Member of the Tees Valley Combined Authority and within the statutory framework for combined authority mayors, subject to the Authority's Constitution and associated procedures (to be amended in the light of the introduction of a Mayor). The powers contained in this deal document will be devolved from Government to the Mayoral Combined Authority. Working within the Constitution of the Combined Authority, the Mayor will exercise certain powers autonomously and also deliver his/her mandate as Chair of the Combined Authority. Other members of the Tees Valley Combined Authority Leadership Board (to be renamed as a Cabinet) will become portfolio leads for aspects of the Combined Authority's responsibilities, on the basis to be set out in its Constitution, and agreed with the Mayor.
4. The Mayor for Tees Valley will be elected by the local government electors for the areas of the constituent councils of Darlington Borough Council, Hartlepool Borough Council, Middlesbrough Borough Council, Redcar and Cleveland Borough Council and Stockton-on-Tees Borough Council. Subject to parliamentary time allowing for the passage of legislation through parliament, the first election will be held in May 2017.
5. Proposals for decision by the Combined Authority may be put forward by the Mayor or any Cabinet Member. All members including the Mayor will have one vote. Any questions that are to be decided by the Combined Authority are to be decided by a majority of the members present and voting, subject to that majority including the vote of the Mayor, unless otherwise set out in legislation, or specifically delegated through the Authority's Constitution.
6. Recognising the Tees Valley model of governance, the Combined Authority will also be strengthened with additional powers devolved from central Government. The agreement will protect the integrity of the five existing Tees Valley Local Authorities, and continue to support strong working between the local authorities and Local Enterprise Partnership.
7. The directly elected Tees Valley Mayor will receive new powers over transport, housing, and planning. The Mayor would be able to exercise these powers within the structure of the Tees Valley Combined Authority, though he/she and the Tees Valley Cabinet (comprising the leaders of the five Tees Valley local authorities) will be required to be scrutinised and held to account by a new scrutiny panel to be established. The Mayor will

also be required to consult the Tees Valley Cabinet on his/her strategies, which it may reject if three-fifths of the members agree to do so. The Tees Valley Cabinet will also examine the Mayor's spending plans and will be able to amend his/her plans, again if three-fifths of the members agree to do so.

8. Economic growth is a shared endeavour and is vital in delivering the Northern Powerhouse ambitions. The Mayoral Combined Authority will continue to work very closely with HM Government for the benefit of the public.
9. Tees Valley Combined Authority commits to work with partners across the North of England to promote opportunities for pan-Northern collaboration, including Transport for the North, to drive northern productivity and build the Northern Powerhouse.
10. In recognition of this strengthened governance system, the government will devolve the powers set out below to the Combined Authority to be exercised by the Tees Valley City Region Mayor.

Tees Valley Investment Fund

11. HM Government will work with the Tees Valley Combined Authority to agree specific funding flexibilities to a Spending Review timetable. The joint ambition will be to give Tees Valley Combined Authority an investment fund to invest in its economic growth. This fund will comprise a flexible, multi-year settlement providing the freedom to deliver its growth priorities, including the ability to re-direct funding to reflect changing priorities, whilst upholding its statutory duties. This local freedom will be over a range of budgets to be determined by Tees Valley and HM Government in the run-up to and beyond the Spending Review. HM Government expects to disburse this agreed settlement to the Tees Valley City Region annually in advance. Existing commitments that utilise this pot will need to be agreed with Tees Valley Combined Authority.
12. HM Government agree to allocate an additional £15m per annum of capital and revenue funding for 30 years, which will form part of and capitalise the Tees Valley Combined Authority investment fund. This is subject to the passing of five-yearly assessment gateways. Success at the gateways would depend on the outcome of an independent assessment of the economic and social benefit of business growth and infrastructure projects implemented by Tees Valley; funding would cover the period 2017-18 to 2047-48. The Government will work collaboratively with Tees Valley on the delivery of many of these projects.
13. The Combined Authority and Government will pilot a scheme which will enable the Combined Authority to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial period of five years, with 2015/16 forming the starting point for the baseline.

European Funding

14. The Government is committed to working with the Tees Valley Combined Authority to achieve Intermediate Body status for the European Regional Development Fund and European Social Fund. HM Government will work with Tees Valley Combined Authority to agree how to delegate powers to select projects on the basis of strategic fit with operational programmes and local conditions. This will allow the Tees Valley to integrate and align investments with other aspects of the devolution deal, to select projects for investment, to improve performance and maximise economic impact.

Planning and Housing

15. Government will give the Mayor of Tees Valley and the Tees Valley Combined Authority the power to create democratically controlled Mayoral Development Corporations as envisaged by the Cities and Local Government Devolution Bill. This new corporation will seek to prioritise economic development and housing on under-developed land within the Tees Valley. Government and Tees Valley will establish a land commission to examine what publicly owned land and other key strategic sites could be vested in the development corporation. HM Government will work with Tees Valley local authorities to explore what additional planning powers and responsibilities would support their development ambitions. Increases in the value of the land as a result of the work of the development corporation will be reinvested in the corporation to deliver new schemes.
16. Government will continue to explore the devolution of housing financial transaction funding with Tees Valley.

Transport

17. The Government recognises that Tees Valley have identified a number of key strategic transport schemes seen as essential to facilitate growth in the Tees Valley. Transport for the North (TfN) was established to enable the region to collectively identify the key strategic transport interventions that could help to forge a single Northern economic area and support economic growth. Government welcomes Tees Valley's participation in Transport for the North. As one of the new members of TfN, the Tees Valley has only recently started to participate in the workstreams established by TfN to identify strategic transport interventions. Working with TfN and Rail North, the government has committed to facilitate the Tees Valley partners as they further develop proposals in conjunction with Highways England and Network Rail to ensure their key strategic infrastructure projects will be considered as part of the development of the Northern Transport Strategy. These priorities include:
 - Enhancements to the A19 corridor and the requirement for an additional Tees River crossing
 - Darlington station to be HS2 ready and improve the rail gateway into and across the Tees Valley
 - Delivery of improved east west road connectivity from the A1 to the international gateway at Teesport
 - Electrification of the Northallerton to Teesport rail line to improve connectivity for business and passengers.
18. The Tees Valley clearly has ambitions to continue to strengthen the bus network and indeed the relationship and influence it has with local bus operators. The Government is currently developing a number of policies that will form part of the buses bill to be shortly laid before Parliament and this will set out a range of new mechanisms and opportunities for local areas to influence bus services. The Government looks forward to discussing a franchising model or other appropriate mechanism(s) with Tees Valley as they are finalised in the coming months.

19. The Government will pool and devolve relevant central funding for local transport to Tees Valley and provide a multi-year transport settlement at the next Spending Review, as part of the single capital pot to be devolved to the directly elected Mayor of the Tees Valley Combined Authority. This settlement will be on the same basis as capital and resource settlements given to Government departments at that time.

Business support

20. Working within the scope of existing contracts (2015/16 and 2016/17), Government will work with Tees Valley to align the Business Growth Service and other national services with local business support through its Growth Hub, to give businesses a joined-up, simplified service that meets their needs. Government will work with Tees Valley to develop a devolved approach to the delivery of business support from 2017 onwards. What is ultimately devolved will reflect the decisions taken in the next spending review on the shape of – and level of spending on – business support schemes.
21. An export plan will be agreed between Tees Valley and UK Trade and Investment (UKTI) which will allow Tees Valley flexibility (being tailored to meet local requirements). UKTI will also work with Tees Valley to ensure UKTI services are integrated into overall business support within Tees Valley with sharing of customer data and common marketing. Ringfenced resource remains subject to departmental budget changes.
22. HM Revenue and Customs (HMRC), as the UK customs authority, is committed to supporting economic growth through the provision of efficient, simple and transparent customs facilitations and procedures to existing and new customers. HMRC is happy to support Tees Valley Combined Authority to identify the best options for local businesses, discuss application criteria and processes, and provide guidance on where to find detailed information.
23. The Government will work with Tees Valley Combined Authority to mitigate the impact of significant industrial closures on the local economy, particularly in SSI's suspension of production. This will be the subject of future work to develop an appropriate economic recovery plan.
24. The Government will prioritise Tees Valley for Smart Specialisation Advisory Hub and/or Innovate UK innovation workshops. These will help Tees Valley identify their existing and potential innovation strengths in response to identified needs. Such activity is also likely to support any future application to participate in a Science and Innovation Audit.
25. The Government will support an annual inward investment event to be held in Tees Valley. UKTI Investment Group will agree with Tees Valley the details of a joint business investment event in 2016.

Education, Skills and employment

26. The Government will enable local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17; and will fully devolve budgets to Tees Valley Combined Authority from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships.
27. Devolution will proceed in three stages, across the next three academic years:
- a. Starting now, the Tees Valley Combined Authority will begin to prepare for local commissioning. It will develop a series of outcome agreements with providers about

what should be delivered in return for allocations in the 2016/17 academic year. This will replace the current system of funding by qualifications as providers will receive their total 19+ skills funding as a single block allocation. This new arrangement will allow the Tees Valley Combined Authority to agree with providers the mix and balance of provision that will be delivered in return for the block funding, and to define how success will be assessed.

- b. For the 2017/18 academic year, and following the area review, Government will work with the Tees Valley Combined Authority to vary the block grant allocations made to providers, within an agreed framework.
- c. From 2018/19, there will be full devolution of funding. The Tees Valley Combined Authority will be responsible for allocations to providers and the outcomes to be achieved, consistent with statutory entitlements. Government will not seek to second guess these decisions, but it will set proportionate requirements about outcome information to be collected in order to allow students to make informed choices. A funding formula for calculating the size of the grant to local / combined authorities will need to take into account a range of demographic, educational and labour market factors.

28. The readiness conditions for full devolution are that:

- a. Parliament has legislated to enable transfer to local authorities of the current statutory duties on the Secretary of State to secure appropriate facilities for further education for adults from this budget and for provision to be free in certain circumstances.
- b. Completion of the Area Review process leading to a sustainable provider base.
- c. After the area-reviews are complete, agreed arrangements are in place between central government and the combined authority to ensure that devolved funding decisions take account of the need to maintain a sustainable and financially viable 16+ provider base.
- d. Clear principles and arrangements have been agreed between central government and the Combined Authority for sharing financial risk and managing failure of 16+ providers, reflecting the balance of devolved and national interest and protecting the taxpayer from unnecessary expenditure and liabilities.
- e. Learner protection and minimum standards arrangements are agreed.
- f. Funding and provider management arrangements, including securing financial assurance, are agreed in a way that minimises costs and maximises consistency and transparency.

29. Government, including the Department for Education, the Department for Work and Pensions and the Department for Business, Innovation and Skills will work with the Tees Valley Education, Skills and Employability Board to transform standards in education and skills through the delivery of City Region and national responsibilities and priorities.

30. Government will provide advice to support Tees Valley in their work to secure more apprenticeship places with employers, particularly among Small and Medium Enterprises and also drive up demand from individuals looking for apprentice jobs.

31. To help tackle long-term unemployment in Tees Valley, the Government will work with Tees Valley Combined Authority to agree how local and national provision could be co-ordinated. Tees Valley Combined Authority will work with DWP to co-design the future employment support, from April 2017, for harder-to-help claimants, many of whom are currently referred to the Work Programme and Work Choice.

Energy and climate change

32. The Government is committed to working with Tees Valley to explore how it can continue to develop its industrial carbon capture and storage (CCS) proposals towards deployment of this infrastructure for its industrial sites in the 2020s.
33. HM Government will work with Tees Valley to understand the challenges associated with connecting to the local electricity network.
34. Government will continue to make clear that it welcomes new nuclear investment in Hartlepool as one of the potential sites listed in the Nuclear National Policy Statement.

Culture

35. Recognising the considerable cultural and historic assets within Tees Valley, Government will work with Tees Valley and Arts Council England to examine how Arts Council England funding could support Tees Valley's economic growth through culture.

Evaluation and economic assessment

36. Tees Valley will be required to put in place a programme of evaluation, agreed at the outset with the Cities and Local Growth Unit. This will include gateway assessments for the Tees Valley Investment Fund. Tees Valley and the Cities and Local Growth Unit will jointly commission an independent assessment of the economic benefits as well as the social and economic impacts of the investments made under the Investment Fund, including whether the projects have been delivered on time and to budget. This assessment will be funded by Tees Valley, but agreed at the outset with the Cities and Local Growth Unit and HMT, and will take place every five years.
37. The next five year tranche of funding will be unlocked if the Cities and Local Growth Unit and HMT are satisfied that the independent assessment shows the investment to have met the objectives and contributed to national growth; the gateway assessment should be consistent with the HMT Green Book, which sets out the framework for evaluation of all policies and programmes, and where relevant with the more detailed transport cost-benefit analysis guidance issued by the Department for Transport (DfT). The assessment should also take into account the latest developments in economic evaluation methodology.
38. The government would expect the assessment to show the activity funded through the Tees Valley Investment Fund represents better value for money than comparable projects, defined in terms of a Benefit to Cost ratio; evaluation of the impact of the devolution agreement, including the new governance arrangements. This could take the form of, for example, Randomised Control Trials for the different policy interventions.
39. Tees Valley will agree with HMT and the Cities and Local Growth Unit and confirm with government its plans for this evaluation, with the first review to be completed in 2021-22.

Next steps

40. The Leadership of the five local authorities agree to take the necessary next steps to progress the contents of this Agreement, including the progression of the details through individual councils, and the government undertakes to work jointly with Tees Valley Combined Authority to develop a detailed Implementation Plan.
41. Government and the Tees Valley signal their willingness to make further agreements on devolution including further devolution of funding in due course.
42. The Mayor for the Tees Valley City Region will be elected by the local government electors for the areas of Darlington Borough Council, Hartlepool Borough Council, Middlesbrough Borough Council, Redcar and Cleveland Borough Council and Stockton-On-Tees Borough Council. Subject to the necessary legislative changes, it is expected that the new elected Mayor will be in place by May 2017.
43. Additional funding or budgets that are devolved as a result of this agreement will go to the Tees Valley Combined Authority to be the responsibility of the Mayor or members of the Combined Authority collectively as provided for in this agreement.

Tees Valley Combined Authority commitments

44. Tees Valley Combined Authority will work with HM Government to develop a full implementation plan, covering each policy agreed in this Deal, to be completed ahead of implementation. This plan will include the timing and proposed approach for monitoring and evaluation of each policy and should be approved by the DCLG Accounting Officer.
45. Tees Valley Combined Authority will continue to set out their proposals to HM Government for how local resources and funding will be pooled across the city region.
46. Tees Valley Combined Authority will agree overall borrowing limits with HM Government and have formal agreement to engage on forecasting. Tees Valley Combined Authority will also provide information, explanation and assistance to the Office for Budget Responsibility where such information would assist in meeting its duty to produce economic and fiscal forecasts for the UK economy.
47. Tees Valley Combined Authority will agree a process to manage local financial risk across local public bodies and will jointly develop written agreements with HM Government on every devolved power or fund to agree accountability between local and national bodies on the basis of the principles set out in this document. This will include assurance work to be undertaken in partnership with DCLG and Homes and Communities Agency on processes to be implemented and capability to be employed in managing any investments across their lifecycle.
48. Tees Valley Combined Authority will continue to progress amongst its constituent authorities their programme of transformation to streamline back office functions and share more services and data, including on assets and property. It paves the way for further devolution over time and for the reform of public services to be led by Tees Valley.
49. Tees Valley Combined Authority will continue to adhere to its public sector equality duties, for both existing and newly devolved responsibilities.
50. The agreement set out in this document will be subject to future Spending Reviews.

Draft Order laid before Parliament under section 117(2) of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2016 No.

LOCAL GOVERNMENT, ENGLAND

**The Tees Valley Combined Authority (Functions and
Amendment) Order 2016**

Made - - - -

Coming into force - -

8th May 2017

The Secretary of State makes the following Order in exercise of the powers conferred by sections 104(1)(a), 105(1), 105A(1), 107D(1), (7)(a), (b) and (c), 114 and 117(5) of the Local Democracy, Economic Development and Construction Act 2009(a) (“the 2009 Act”).

The Secretary of State, having regard to a scheme prepared and published under section 112 of the 2009 Act(b), considers that—

- (a) the making of this Order is likely to improve the exercise of statutory functions in the area to which this Order relates, and
- (b) any consultation required by section 113(2) of the 2009 Act(c) has been carried out.

In making this Order, the Secretary of State has had regard to the need to reflect the identities and interests of local communities, and to secure effective and convenient local government.

In accordance with section 104(10) of the 2009 Act the councils whose areas are comprised in the area of the Tees Valley Combined Authority and the Tees Valley Combined Authority have consented to the making of this Order.

A draft of this instrument has been laid before, and approved by a resolution of, each House of Parliament pursuant to section 117(2) of the 2009 Act.

-
- (a) 2009 c. 20. Section 104 was amended by sections 8 and 14 of, and Schedule 5 to, the Cities and Local Government Devolution Act 2016. Section 114 was amended by section 23 of and paragraphs 17 and 26 of Schedule 5 to the Cities and Local Government Devolution Act 2016. Section 105 was amended by sections 6, 9 and 14 of the Cities and Local Government Devolution Act 2016. Section 105A was inserted by section 7 of the Cities and Local Government Devolution Act 2016. Sections 107D was inserted by section 4 of the Cities and Local Government Devolution Act 2016. Section 117(2), (2A) and (3) was substituted by section 13 of the Localism Act 2011 (c. 20). Section 117 was amended by paragraph 24 of Schedule 5 to the Cities and Local Government Devolution Act 2016.
 - (b) Section 109 was amended by sections 6 and 12 of the Cities and Local Government Devolution Act 2016.
 - (c) Section 113 was amended by sections 12, 14 and 23 of and paragraph 24 of Schedule 5 to the Cities and Local Government Devolution Act 2016.

Citation and commencement

1. This Order may be cited as the Tees Valley Combined Authority (Functions and Amendment) Order 2016 and comes into force on 8th May 2017.

Interpretation

2. In this Order—

“the 2000 Act” means the Transport Act 2000(a)

“the 2003 Act” means the Local Government Act 2003(b);

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“the 2016 Order” means the Tees Valley Combined Authority Order 2016(c);

“the Combined Authority” means the Tees Valley Combined Authority, a body corporate established by the 2016 Order(d); and

“the Mayor” means the mayor for the area of the Combined Authority(e).

Power to pay grant

3.—(1) The functions of a Minister of the Crown contained in section 31 of the 2003 Act (power to pay grant) are functions of the Combined Authority that are exercisable in relation to the Area.

(2) The functions are exercisable concurrently with a Minister of the Crown.

(3) Paragraph (4) applies where, in exercising functions under paragraph (1), the Combined Authority determines an amount of grant to be paid towards expenditure incurred or to be incurred by a constituent council in relation to the exercise of its highways functions.

(4) In determining that amount, the Combined Authority must have regard to the desirability of ensuring that the council has sufficient funds to facilitate the effective discharge of those functions.

(5) In complying with paragraph (4), the Combined Authority must take into account any other sources of funding available to the council for expenditure incurred or to be incurred in relation to the exercise of its highways functions.

(6) For the purposes of the exercise by the Combined Authority of the functions specified in paragraph (1), section 31 of the 2003 Act has effect as if—

(a) in subsection (1)—

(i) for “A Minister of the Crown” there were substituted “The Combined Authority”,

(ii) for “local authority in England and Wales” there were substituted “constituent council”,

(a) subsection (2) were omitted;

(b) in subsections (3) and (4), for the “the person paying it” there were substituted “the Combined Authority”;

(c) subsection (6) were omitted.

(7) In this article “local highway authority” has the meaning given by section 329(1) of the 1980 Act.

(a) 2000 c.38.

(b) 2003 c.26.

(c) S.I. 2016/449

(d) The Tees Valley Combined Authority was established by the 2016 Order. Article 3(2) provides that “the combined authority is to be a body corporate and is to be known as the Tees Valley Combined Authority.

(e) Article 3 to S.I 2016/933 provides for there to be a mayor for the area of the Combined Authority.

Local Transport

- 4.—(1) The following are exercisable by the Combined Authority in relation to the Area—
- (a) the functions of the constituent councils contained in Parts 4 (local passenger transport services) and 5 (financial provisions) of the Transport Act 1985(a); and
 - (b) the functions of the constituent councils as local transport authorities contained in Part 2 (local transport) of the 2000 Act
- (2) The functions mentioned in paragraph (1) are exercisable by the Combined Authority instead of by the constituent councils.
- (3) Omit article 6 of the 2016 Order(b).

Housing

- 5.—(1) The function of the constituent councils under section 8(1) of the Housing Act 1985 (periodical review of housing needs)(c) are exercisable by the Combined Authority in relation to the Area.
- (2) The function is exercisable concurrently with the constituent councils.

General functions of the TVCA exercisable only by the Mayor

- 6.—(1) Subject to paragraph (2), the functions(d) of the TVCA under the following enactments are general functions exercisable only by the Mayor—
- (a) section 31 of the 2003 Act (power to pay grant);
 - (b) sections 108 (local transport plans), 109 (further provision about plans: England) and 112 (plans and strategies: supplementary) of the 2000 Act(e).
- (2) Members and officers of the TVCA may assist the Mayor in the exercise of the functions mentioned in paragraph (1).
- (3) For the purposes of the exercise of the general functions mentioned in paragraph (1) the Mayor may do anything that the Combined Authority may do under section 113A of the 2009 Act (general power of EPB or combined authority)(f).

Funding

- 7.—(1) The constituent councils must ensure that the costs of the Combined Authority reasonably attributable to the exercise of the function mentioned in article 5 is met.
- (2) Any amount payable by each of the constituent councils to ensure that the costs of the Combined Authority referred to in paragraphs (1) are met is to be determined by apportioning such costs between the constituent councils in such proportions as they may agree or, in default of

(a) 1985 c.67.

(b) Article 6 of the 2016 Order provides for the delegation of specified transport functions of the constituent councils to the Combined Authority.

(c) 1985 c. 68. Section 8 was amended by paragraph 62 of Schedule 11 to the Local Government and Housing Act 1989 (c. 42) and section 124 of the Housing and Planning Act 2016 (c. 22).

(d) Section 170D(2) of the 2009 Act provides that in Part 6 of that Act references to “general functions”, in relation to a mayor for the area of a combined authority, are to any functions exercisable by the mayor other than PCC functions.

(e) Section 108 was amended by paragraph 2 of the Schedule to the Transport (Wales) Act 2006 (c.5), the Local Transport Act 2008 (c.26), sections 7 to 9, paragraphs 41 and 42 of Schedule 4 and Part 1 of Schedule 7, and the Local Democracy, Economic Development and Constructions Act 2009 (c.20), paragraph 96 of Schedule 6. Section 109 was amended by paragraph 3 of the Schedule to the Transport (Wales) Act 2006, the Local Transport Act 2000, section 9, and the Local Democracy, Economic Development and Constructions Act 2009 (c.20), paragraph 97 of Schedule 6. Section 112 was amended by the Local Transport Act 2008, sections 10 and 11 and Part 1 of Schedule 7, and the Equality Act 2010, paragraph 48 of Schedule 26.

(f) Section 113A was inserted by section 13 of the Localism Act 2011 and amended by section 23 of, and paragraph 25 of Schedule 5 to, the Cities and Local Government Devolution Act 2016.

such agreement, in proportion to the total resident population of the Combined Authority which resides in that council at the relevant date as estimated by the Statistics Board(a).

Amendment of the Tees Valley Combined Authority Order 2016

8.—(1) The Tees Valley Combined Authority Order 2016 is amended as follows—

(2) In article 2 (interpretation) after the definition of “Local Enterprise Partnership” insert—

““Mayor” means the mayor for the area of the Combined Authority; and”.

(3) Schedule 1 (constitution) is amended as follows—

(a) at the end of paragraph 1(2) insert “or if the member has been appointed as the Deputy Mayor and that member is acting in place of the Mayor at a meeting”;

(b) paragraph 2 (chairman and vice-chairman) is omitted(b); and

(c) in paragraph 3 (proceedings)—

(i) for sub-paragraph (1) substitute—

“(1) Subject to the following sub-paragraphs, any questions that are to be decided by the Combined Authority are to be decided by—

(a) a majority of the members appointed by the constituent councils and substitute members, acting in place of those members, present and voting on that question at a meeting of the Combined Authority, and

(b) the Mayor being present and voting with that majority.”,

(ii) in sub-paragraph (2) after “unless” insert “the Mayor and”,

(iii) for subparagraph (3)—

“(3) Each member of the Combined Authority, or, where relevant, each substitute member acting in that member’s place, is to have one vote and no member of the Combined Authority is to have a casting vote, and

(iv) For sub-paragraph (6) substitute—

“(6) Questions relating to the following matters require the following in order to be carried—

(a) a unanimous vote in favour by all five members, or substitute members acting in place of those members, appointed by the constituent councils, and

(b) the Mayor to be present and voting in favour.”; and

(d) In paragraph 4—

(i) for sub-paragraph (3) there is substituted—

“(3) No business is to be transacted at a meeting of the overview and scrutiny committee unless at least two thirds of the total number of members of the overview and scrutiny committee are present.”, and

(ii) after sub-paragraph 10 there is inserted—

“(11)The Combined Authority may establish an independent remuneration panel to recommend allowances payable to members appointed to the Combined Authority, members of any committee or sub-committee of the Combined Authority and the Mayor.

(12) An independent remuneration panel must consist of at least three members none of whom—

(a) is also a member of the Combined Authority or is a member of a committee or sub-committee of the Combined Authority; or

(a) Section 25 of the Statistics and Registration Service Act 2007 (c. 18) provides that the Statistics Board is responsible for the functions in section 19 of the Registration Service Act 1953 (c. 37).

(b) Section 107C(1) of the Local Democracy, Economic Development and Construction Act 2009 provides that the mayor for the area of a combined authority must appoint one of the members of the authority to be the mayor's deputy.

(b) is disqualified from being or becoming a member of the Combined Authority.

(13) The Combined Authority may pay the expenses incurred by an independent remuneration panel established under paragraph (12)(a) or (3)(b) in carrying out its functions and may pay the members of the panel such allowances or expenses as the Combined Authority may determine.

(14) An independent remuneration panel must produce a report in relation to the Combined Authority, making recommendations—

as to the responsibilities or duties in respect of which the following should be available—

- (i) special responsibility allowance;
- (ii) travelling and subsistence allowance; and
- (iii) co-optees' allowance;

(b) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated;

(c) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed; and

(d) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.

(15) A copy of a report made under paragraph (14) shall be sent to each authority in respect of which recommendations have been made.”.

Signed by authority of the Secretary of State for Communities and Local Government

Date

Name
Parliamentary Under Secretary of State
Department for Communities and Local Government

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the conferral of functions on and the amendment of the constitution the Tees Valley Combined Authority, to reflect the appointment of a Mayor for the area of the Combined Authority following the making of the Tees Valley Combined Authority (Election of Mayor) Order 2016 (S.I. 2016/933). The Combined Authority was established by the Tees Valley Combined Authority Order 2016 (S.I. 2016/449) (the 2016 Order).

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise specified functions of a local authority under sections 104, 105 and 105A of the 2009 Act, and power to exercise specified functions of any other public authority under section 105A of that Act.

The Secretary of State may provide for there to be a mayor for the area of a combined authority where the constituent councils of the combined authority (each district council or county council whose area is within the area of the combined authority) and any existing combined authority consent under section 107B(3) of the 2009 Act.

Article 3 of the Order makes provision for the power of a Minister of the Crown to pay grant under section 31 of the Local Government Act 2003 exercisable in relation to the Combined authority’s area (the Area) to be a function of the combined authority. The function is to be exercisable only by the Mayor of the Combined Authority and the grant can only be paid towards expenditure

incurred or to be incurred by a constituent council in relation to the exercise of its highways functions.

Article 4 of the Order makes provision for certain local transport functions of the constituent councils to be exercisable by the Combined Authority in relation to the Area. The functions are exercisable by the Combined Authority instead of by the constituent councils. The article also omits article 6 of the 2016 Order which delegated those functions to the Combined Authority.

Article 5 of the Order provides for the function of the constituent councils under section 8(1) of the Housing Act 1985 (periodical review of housing needs) to be exercisable by the Combined Authority in relation to the Area. The function is exercisable concurrently with the constituent councils.

Article 6 of the Order sets out the functions of the Combined Authority which are to be only exercisable by the Mayor, enables members and officers of the Combined Authority to assist the Mayor in the exercise of those functions and provides that the Mayor may do anything that the Combined Authority may do under section 113A of the 2009 Act (general power of EPB or combined authority).

Article 7 provides that the costs of the Combined Authority reasonably attributable to the exercise of the function mentioned in article 5 is funded by contributions from the Combined Authority's constituent councils.

Article 8 of the Order makes provision for the amendment of the constitution Combined Authority, to reflect the appointment of a Mayor for the area of the Combined Authority.

A full regulatory impact assessment has not been prepared as this instrument will have no impact on the costs of business and the voluntary sector.

CONSTITUTION

DRAFT FOR DISCUSSION

NOVEMBER 2016

NOTE. THIS DRAFT MAY REQUIRE AMENDMENT IN THE LIGHT OF ON-GOING DISCUSSIONS WITH STAKEHOLDERS AND DEVELOPMENTS IN THE EMERGING STATUTORY FRAMEWORK.

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APPENDICES – [to follow]

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- II. Rules of Procedure for Cabinet
- III. Rules of Procedure for the Transport Committee
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FOREWORD

This document marks an important new stage in the development of the Tees Valley. It sets out the basis of how decisions will be taken within our Combined Authority, in keeping with principles of democracy and transparency, with effective and efficient decision-making.

The five Tees Valley authorities have demonstrated a commitment to collaboration - between ourselves, and with business and other partners – for many years. The creation of the Tees Valley Combined Authority in April 2016 created a clear statutory basis for an enhanced partnership. The Tees Valley has demonstrated its commitment to assume greater powers and responsibilities, with the resources to deliver them effectively. Our devolution deal with government, signed in October 2015, identified specific areas where responsibilities would be transferred from central government to our region. We are confident that, by making decisions closer to the people we represent, we can deliver better outcomes, and greater transformation of our economy and public services. The devolution deal is an important step, but we want to go further.

Successful devolution depends upon strong local arrangements for decision-making. The transfer of responsibilities from one tier of government to another will do nothing, in itself, to deliver more effectively for our citizens. To ensure that devolution secures better outcomes for our citizens, we have a responsibility to deliver better, more inclusive, and more transparent decision-making; meeting the aspirations of the Tees Valley more effectively than decision-making in Westminster and Whitehall.

This Constitution provides for a directly elected Mayor of the Tees Valley, required by government as a precondition for meaningful devolution, to become chair of our Combined Authority. We are clear that the Mayoral arrangements will only gain the confidence of the electorate if they secure support from across our diverse communities, meet the highest standards of democratic accountability, and are subject to robust checks and balances. This Constitution therefore provides for the Mayor's role to be embedded in the Combined Authority's collective decision-making arrangements. The Mayor will chair a Cabinet made up of the leaders of the five authorities, who together will form the Combined Authority's decision-making forum. They will need to work closely with leaders of the business community and other partners. The Constitution reinforces an ethos of collaboration and inclusion.

On behalf of our Councils, we endorse this Constitution, and commit to continue to work together to secure a great future for the Tees Valley.

NAMES AND SIGNATURES OF COUNCIL LEADERS

Introduction

1. The Tees Valley is defined as the area covered by five Constituent Authorities:
 - Stockton- on-Tees Borough Council;
 - Darlington Borough Council;
 - Hartlepool Borough Council;
 - Redcar and Cleveland Borough Council; and
 - Middlesbrough Council.
2. The Tees Valley Combined Authority (“The Combined Authority”) exists to further the sustainable and inclusive growth of the economy of the Tees Valley. It was established in April 2016 and has been built on a strong history of collaboration between the Constituent Authorities, the private sector and other partners.
3. The Combined Authority incorporates the role and responsibilities of the Local Enterprise Partnership for the Tees Valley, and the Transport Authority, and various other statutory and non-statutory responsibilities.
4. This constitution reflects:
 - Experience of effective management of collaborative arrangements operating within the Tees Valley for over 20 years;
 - The commitments entered into by government and the leaders of the Tees Valley, in the devolution deal signed in October 2015;
 - Interim constitutional arrangements put in place on the establishment of the Combined Authority in April 2016;
 - Proposals for a governance scheme established by the Tees Valley leaders, and which were subject to public consultation in July and August 2016;
 - Approval to the governance framework by the Constituent Authorities and the Combined Authority in November 2016;
 - The statutory framework established by parliament, summarised in Appendix I.

5. This Constitution is a living document and shall be amended as the Combined Authority develops. Authority is delegated to the Monitoring Officer, in consultation with the Managing Director, to make amendments to the Constitution, in order to reflect organisational or legislative changes, or to make any minor textual or grammatical corrections. Any other changes shall be agreed unanimously by the Combined Authority's Cabinet.
6. The Tees Valley Combined Authority (Election of Mayor) Order 2016 established the Combined Authority as a Mayoral Combined Authority. The first Mayor will be elected in May 2017, and serve for a three year term of office. The Tees Valley Mayor shall chair the Combined Authority and its Cabinet; with responsibilities, and checks and balances on the exercise of those responsibilities, as set out by this Constitution.
7. The Mayor and other Cabinet Members will work together in collaboration, in the interests of the people of the Tees Valley. This Constitution sets out arrangements to ensure the effective conduct of the Combined Authority's business, in this spirit of collaboration, mutual respect and transparency. All members will strive to work on the basis of consensus, taking decisions through agreement. These principles shall apply irrespective of the statutory basis for the exercise of those powers; whether through the powers and responsibilities of the Mayor, the Combined Authority, or the Local Enterprise Partnership. The powers of the Mayor are to be exercised through collaboration within the Combined Authority's Cabinet, and in partnership with all relevant stakeholders.

The Combined Authority Cabinet

8. The Members of the Combined Authority shall be known as the Combined Authority's Cabinet. All decisions of the Combined Authority, unless otherwise delegated, shall be taken by the Cabinet, according to the arrangements set out in this Constitution.

9. The Combined Authority shall hold an Annual Meeting in public, to consider any amendments to the Constitution, and for the Cabinet to make appointments to Combined Authority roles.
10. The members of Cabinet shall be the Leaders of the Constituent Authorities and the Tees Valley Mayor. The Constituent Authorities shall each nominate another elected member as a Substitute Member, with the authority to act in place of that Constituent Authority's Leader.
11. All Leaders shall be regarded as having equal status within the Combined Authority, irrespective of the governance arrangements applying within each Constituent Authority, or of the population residing within that authority.
Middlesbrough Council operates with a Mayoral model of governance. In this constitution, the phrase "Leaders" includes the Mayor of Middlesbrough, and the phrase "Mayor" in this Constitution applies only to the elected Tees Valley Mayor. All provisions for appointments by Hartlepool Council to the Combined Authority's committees shall be made in accordance with the committee system of governance applying specifically in that authority.
12. The Cabinet shall be chaired by the Mayor, or in their absence the Deputy Mayor.
13. The Mayor shall appoint a Deputy Mayor from amongst the Cabinet Members representing the Constituent Authorities, determined annually by rotation in the order set out in paragraph 1. In the event that a Cabinet Member does not wish to assume the role of Deputy Mayor, the Mayor shall invite the Cabinet Member from the next Constituent Authority in the order set out in paragraph 1.
14. The Deputy Mayor shall act in place of the Mayor if the Mayor leaves or resigns before the expiry of their term of office, is unable to chair a meeting of Cabinet, or is otherwise unable to act, until such time as the Mayor is able to act or a new Mayor is elected. Where the Deputy Mayor is required to act in place of the Mayor in connection with any matter, the Substitute Member for the Constituent Authority to which the Deputy Mayor belongs shall exercise that Constituent Authority's right to vote in relation to that matter.

15. The Chair of the Local Enterprise Partnership shall be entitled to attend Cabinet meetings on a non-voting basis, but with the right to fully participate in debate and to make proposals for consideration by Cabinet on behalf of the Local Enterprise Partnership. The Local Enterprise Partnership shall identify another member able to substitute for its Chair in the event that the Chair is unable to attend.
16. The quorum for meetings of Cabinet for any matter where a unanimous decision is required shall be all Cabinet Members or their Substitute Members. If the Deputy Mayor is acting in place of the Mayor, the quorum for that matter shall include the Substitute Member for the authority to which the Deputy Mayor belongs. The quorum for meetings shall otherwise be the Mayor or Deputy Mayor, and three of the five other Cabinet Members or their Substitute Members.
17. The proceedings of the Cabinet are not invalidated by any vacancy amongst its Members or Substitute Members, or by any defect in the appointment or qualifications of any Member or Substitute Member.
18. The Cabinet may establish sub-committees, working groups and partnership arrangements as necessary to support the work of the Combined Authority, and may determine terms of reference and membership as appropriate.
19. The Cabinet shall conduct its proceedings in accordance with its rules of procedure, set out in Appendix II.

Portfolio Responsibilities of Cabinet Members

20. The Cabinet Members, except the Mayor, may unanimously at the Annual Meeting agree an allocation of portfolio responsibilities between them, representing the principal responsibilities of the Combined Authority. In the event that unanimous agreement cannot be achieved, the Mayor shall propose the allocation of portfolios, except that no Leader shall be required to adopt a portfolio responsibility without their agreement.

21. The Cabinet may delegate functions to Cabinet members with portfolio responsibilities, and may agree that Cabinet members with portfolio responsibilities represent the Combined Authority on any matter within that portfolio.
22. The Chair of the Local Enterprise Partnership shall not hold a portfolio role, but shall seek to represent the views of the members of the Local Enterprise Partnership, and the wider business community, on all relevant matters.
23. This Constitution sets out some major decisions which require the unanimous agreement of the Combined Authority Cabinet: for changes to the Constitution (paragraph 5), approval of the Investment Plan (paragraph 30) and a proposal to create a transport levy (paragraph 39).
24. For all other decisions or set of decisions where, after reasonable efforts have been taken to secure a consensus, a consensus cannot be reached, decisions shall be taken according to a simple majority vote; except that the Mayor (or the Deputy Mayor if substituting for the Mayor) must be part of the majority.
25. Each member of Cabinet shall have one vote. The Chair shall not have a second or casting vote. If the vote is tied, it shall be deemed not to have been carried.
26. In the event that the Mayor (or in their absence the Deputy Mayor) opposes a proposal, but a majority of the Cabinet is in agreement, the proposal shall be deemed to have been neither carried nor rejected. In these circumstances, a decision shall be deferred for a future meeting, to allow adequate time for the scope for consensus to be explored, after which time an alternative proposal may be brought forward for consideration, with voting as set out in paragraph 24.

Strategies

27. The Combined Authority shall maintain and update as necessary a Strategic Economic Plan, setting out the long-term ambitions for the development of the economy, and summarising strategies and plans to enhance the sustainable and inclusive economic growth of the Tees Valley. The Plan will be developed in cooperation with Cabinet and the Local Enterprise Partnership, the wider business community, the Overview and Scrutiny committee, other stakeholders, and with public engagement and consultation. It shall be proposed by the Mayor to the Cabinet, for consideration and agreement.
28. The Strategic Economic Plan will incorporate a Strategic Transport Plan, fulfilling the statutory role of a local transport plan for the Tees Valley, and any other strategies and plans which the Combined Authority agree as necessary for the delivery of its functions.

Financial proposals

29. To meet its responsibilities, the Combined Authority holds capital and revenue funding; derived mainly from resources devolved from central government, and from the returns from past investments. Under the principles of devolution, allocation of these resources should be made through transparent and democratically accountable decision-making, in the best interests of the long-term economic and social benefit of the people of the Tees Valley. The Combined Authority's resources shall be considered as a single budget subject to decision-making arrangements set out in this Constitution; irrespective of the different decision-making arrangements in place for different Combined Authority functions.
30. Proposals for allocation of resources available to the Combined Authority shall be set out in an Investment Plan, to be adopted annually and amended as necessary through unanimous agreement by the Cabinet. The Investment Plan shall include:

- Estimates of the total resources available to the Combined Authority, on a medium-term basis;
- Identification of funding priorities;
- Existing commitments of funding to programmes and projects;
- Assessment of assets, liabilities, receipts and borrowing;
- Assessment of co-funding from other parties for Combined Authority programmes and projects.

31. Part of the Combined Authority's budget relates to funds devolved from central government for Highways Authority functions, exercised by the individual Constituent Authorities rather than by the Combined Authority. The allocation of these resources set out in Appendix VII shall be considered part of the Investment Plan, and therefore can only be amended through the unanimous agreement of Cabinet.
32. On an annual basis, the Managing Director and Chief Finance Officer shall prepare a draft Budget for the Combined Authority, consistent with statutory requirements and principles of sound financial management. The draft Budget shall be presented in the context of the agreed Investment Plan, identifying any consequential amendments to the Investment Plan which would require unanimous agreement.
33. The draft Budget shall be submitted to the Cabinet for consideration and approval, for the purposes of consultation, before the end of December each year. Approval by the Cabinet to consult on the budget proposals shall not be taken to pre-determine their final approval, with or without amendments, following consultation. Consultation shall take place on the draft Budget for such period of time, and with such consultees as the Cabinet shall determine; except that the consultation period shall not be less than four weeks, and the consultees shall include the Local Enterprise Partnership, the Overview and Scrutiny Committee, representative of the business community, higher and further education institutions, trade unions, and the Constituent Authorities.

34. Having taken into account the draft Budget prepared by the Managing Director and Chief Finance Officer, the consultation responses, and any other relevant factor, the Mayor shall then propose the Combined Authority's Budget to Cabinet. Unanimous approval is required for any aspect of the Budget which requires amendment to the Investment Plan.
35. If any aspect of the Budget put forward by the Mayor is rejected, the Managing Director and Chief Finance Officer shall re-submit the Budget with amendments they deem necessary to secure Cabinet agreement, consistent with statutory requirements and principles of sound financial management. These proposals shall then be submitted for approval by the Cabinet.
36. If the Cabinet fails to agree the Combined Authority's Budget in sufficient time to set a Budget which meets statutory requirements, the Chief Finance Officer shall use their statutory powers, in consultation with the Managing Director and Monitoring Officer, to set a Budget which meets statutory requirements.
37. Proposals for expenditure of resources shall be submitted as necessary to Cabinet by the Managing Director and Chief Finance Officer, for approval by Cabinet; except that any proposals requiring amendment to the Investment Plan shall require unanimous agreement.
38. The Cabinet shall not take a decision which has a direct financial impact upon any of the Constituent Authorities, as determined by the Chief Finance Officer, without the approval of the Cabinet member representing that authority.
39. Combined Authorities are intended to have the statutory power to levy for their transport functions. Unlike some Combined Authorities, the Tees Valley Combined Authority is not responsible for operating transport services, and there is therefore no current need to exercise this power. Should the situation arise, any such levy shall only be approved with the unanimous agreement of the Cabinet, and shall require amendments to the Constitution to determine the means on which any levy should be determined.

40. As a condition for the receipt of devolved funding, the Combined Authority has agreed an Assurance Framework with central government. A copy is attached at Appendix VI.

Tees Valley Local Enterprise Partnership

41. The Tees Valley Local Enterprise Partnership is the principal forum for collaboration between the public and private sectors, for improving the economy of the Tees Valley. It forms part of a national network of Local Enterprise Partnerships designated by central government.
42. The Combined Authority shall be the accountable body for the Local Enterprise Partnership, and shall employ the officers who support it.
43. The Membership shall comprise:
- The Tees Valley Mayor and other Cabinet members
 - Nine members appointed from the private sector.
 - A representative of Higher Education
 - A representative of Further Education
44. Private and education sector members of the Local Enterprise Partnership shall become Associate Members of the Combined Authority.
45. The term of office of private and education sector Members of the Local Enterprise Partnership shall be two years extendable by one further term of two years, unless otherwise agreed by the Cabinet.
46. The Local Enterprise Partnership shall appoint one of its private sector members to be its Chair.
47. To ensure wider representation of the business community in the Combined Authority's work, members of the Local Enterprise Partnership, and a wider

representative group of other members of the business community, will be invited to join a Tees Valley Business Leadership Group. The Group will:

- Support and offer advice to the Combined Authority and Local Enterprise Partnership on their responsibilities,
- Champion and promote specific initiatives from the perspective of business.
- Participate in Thematic Working Groups, as appropriate.
- Influence the development of the Combined Authority's strategies and policies.
- Represent the Tees Valley nationally and internationally.
- Ensure a strong business influence over decision-making.
- Support the development and delivery of the Strategic Economic Plan

Overview and Scrutiny

48. The Combined Authority has established an Overview and Scrutiny Committee, in line with the statutory requirements set out in the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2016.
49. The membership of the Committee shall comprise fifteen members, three nominated from each of the Constituent Authorities. Members of the Committee taken as a whole shall reflect so far as reasonably practicable the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively. Arrangements for determining political balance are set out in Appendix VIII.
50. The members of the Overview and Scrutiny Committee must be Members of the Constituent Authorities and shall not include any Members who are also Members or Substitute Members of the Combined Authority's Cabinet or its Sub-Committees nor any officer of the Combined Authority or of any of the Constituent Authorities

51. The Chair of the Overview and Scrutiny Committee shall be appointed by the Cabinet from amongst the members of the Committee, following a proposal put to them by the Overview and Scrutiny Committee; except that the Chair shall not be a member of a registered political party of which the Mayor is also a member. Where the Mayor is not a member of a registered political party, the Chair of the Committee shall not be a member of a political party represented by a majority of Members of the Combined Authority. The Cabinet shall also appoint a Vice-Chair of the Overview and Scrutiny Committee.
52. The Committee can submit reports or recommendations to the Combined Authority Cabinet. Where it does so, Cabinet must respond to the Committee's reports or recommendations within two months beginning with the date on which the Cabinet received those reports or recommendations.
53. The Committee may establish temporary working groups to consider specific issues in more depth and to report back to the Committee.
54. The Committee may review or scrutinise decisions made, or other action taken in connection with the discharge of the Combined Authority's or the Mayor's functions, and where a decision has not been implemented the Committee may direct, while it is under review or scrutiny, that it is not to be implemented for up to 14 days, and may also recommend that the decision be reconsidered. Procedures for the application of this "call-in" power shall be agreed between the Cabinet and Overview and Scrutiny Committee, and set out in the rules of procedure.
55. Members or officers of the Combined Authority must comply with any reasonable request from the Committee to attend before it to answer questions, or to submit information. The Committee can invite other persons to attend its meetings to provide evidence and contribute to its deliberations.
56. The quorum for meetings of the Committee shall be ten members, representing no fewer than four Constituent Authorities.

57. Each member of the Committee has one vote and no member has a casting vote. Any questions that need to be decided by a vote shall be decided by a simple majority of the members present and voting on those matters.
58. The Committee shall be established and shall conduct its proceedings in accordance with the Overview and Scrutiny Committee rules of procedure which are set out at Appendix IV of the Constitution.

Tees Valley Transport Committee

59. The Combined Authority has established a Transport Committee. The purpose of the Transport Committee is to review the transport strategy and policies of the Combined Authority; to review transport services operating within the Tees Valley; to oversee the Combined Authorities representation on external bodies with transport responsibilities, including Transport for the North and Rail North; and to receive delegations and make recommendations on transport matters to the Cabinet.
60. The Transport Committee shall be chaired by the Cabinet member with portfolio responsibilities for the Combined Authority's transport functions.
61. The membership of the Committee shall comprise the executive members with portfolio responsibility for transport within each Constituent Authority. The Cabinet shall appoint the Vice-Chair of the Transport Committee from amongst the members of the Transport Committee. The Vice-Chair shall assume the responsibilities of Chair in the absence of the Chair.
62. The Local Enterprise Partnership shall nominate one of its private sector members to attend Transport Committee meetings on a non-voting basis, with the right to fully participate in its deliberations. The Constituent Authorities and the Local Enterprise Partnership shall each nominate another of their members as a Substitute Member, with the authority to act as their representative.

63. The Cabinet may delegate any transport-related function to the Transport Committee. The Transport Committee may, through its Chair, make proposals to the Cabinet for decision.
64. The Transport Committee shall meet no less than twice a year. The quorum for the Committee is three. Voting shall be on the basis of one member one vote. Any decisions which are tied shall be deemed not to have been carried.
65. The Transport Committee shall conduct its proceedings in accordance with the Rules of Procedure set out at Appendix III of this Constitution.

Audit and Governance

66. The Combined Authority has established an Audit and Governance Committee, for the purposes of assuring sound governance, effective internal control and financial management of the Combined Authority, and that the Combined Authority observes high standards of conduct in public office. The Committee meets the requirements of the Combined Authorities (Overview and Scrutiny, Access to Information and Audit Committees) Order 2016.
67. Each Constituent Authority shall nominate a Member and Substitute Member from amongst the Members of that authority with current or recent experience of having served on its Audit or Governance committees, and who is not also a Member or Substitute Member of the Combined Authority Cabinet or its Sub-Committees. The Members nominated by the Constituent Authorities shall reflect, so far as reasonably practicable, the balance of political parties for the time being prevailing among members of the Constituent Authorities collectively. Arrangements for determining political balance are set out in Appendix VIII. The Substitute members shall have the authority to act in the place of that Constituent Authority's representative.
68. The membership of the Committee shall also include an independent person for the purposes of providing advice in relation to standards matters under the

Localism Act 2011, and at least one other independent person to assist the Committee in the discharge of its financial functions.

69. Members of the Committee must not include any Officer of the Combined Authority or of the Constituent Authorities.
70. The Chair of the Committee shall be determined annually by the Cabinet from amongst the Members nominated by the Constituent Authorities.
71. The quorum for meetings of the Committee shall be five of the total number of seven members of the Committee.
72. Decisions shall be taken by way of consensus wherever possible. If a vote is required, voting shall be on the basis of one member one vote. Any decisions which are tied shall be deemed to have been not carried.
73. The Committee shall conduct its proceedings in accordance with the Rules of Procedure set out at Appendix V of this Constitution.

Mayoral Development Corporations

74. Under the Tees Valley (Functions) Order 2016, the Mayor can propose the creation of Mayoral Development Corporations. A Mayoral Development Corporation is a body corporate having the name given to it in the notification to the Secretary of State.
75. On receipt of a proposal from the Mayor to create a Mayoral Development Corporation, Cabinet can agree the proposal by majority vote, provided that such a majority includes the Cabinet member of any Constituent Authority in whose council area any land proposed to form part of the Mayoral Development Corporation lies. Any financial implications for the Combined Authority arising from the creation of a Mayoral Development Corporation shall require Cabinet

agreement through the arrangements for financial decision-making set out in this Constitution.

76. A proposal to create a Mayoral Development Corporation, or to designate an area of land as part of a Mayoral Development Corporation area, must be the subject of prior consultation with certain statutory consultees, including each Constituent Authority whose administrative area contains any part of the proposed Mayoral Development Corporation area.
77. A document stating that an area of the land is proposed to be designated as a Mayoral Development area must also be laid before the Overview and Scrutiny Committee, allowing for a consideration period for the document of at least 21 days beginning with the date the document is laid before the Committee.
78. Regard must be given to any comments from any of the consultees. If there are any comments from the Overview and Scrutiny Committee or any of the Constituent Authorities that are not accepted, a statement must be published giving the reasons for the non-acceptance.
79. Subject to the statutory requirements, and prior to an Order establishing a Mayoral Development Corporation being made, the Cabinet may decide that a Mayoral Development Corporation is to assume certain planning powers for the whole or any portion of the Mayoral Development Corporation's area, provided that such a majority includes any Cabinet member of a Constituent Authority in whose council area any land proposed to form part of the Mayoral Development Corporation's area lies.
80. The Mayor shall make proposals to the Cabinet to appoint the Chair and Members of the Mayoral Development Corporation (being no less than six), which shall include at least one member appointed by each Constituent Council whose administrative area includes any part of the Mayoral Development Corporation area.

81. The Constitution of the Mayoral Development Corporation shall be approved by the Cabinet.

Officers

82. The Cabinet shall appoint as Officers of the Combined Authority:
- A Managing Director, fulfilling the responsibilities of the Head of Paid Service, with overall responsibility for the Combined Authority's operations and staff.
 - A Monitoring Officer, for the purpose of, amongst other things, providing advice on the Combined Authority's powers and duties, and guidance in relation to standards of conduct.
 - A Chief Finance Officer to fulfil the statutory requirements for financial management, including section 73 of Local Government Act 1985.
83. The Cabinet shall also appoint one of the Combined Authority's Officers to be a Scrutiny Officer, to promote the role of, and provide support to, the Overview and Scrutiny Committee, and support and guidance to the members of the Combined Authority in relation to the functions of the Committee.
84. The responsibilities of, and delegations to, the Managing Director, the Monitoring Officer and the Chief Finance Officer are as set out in Appendix IX of this Constitution.
85. The Chief Executives of the Constituent Authorities shall appoint officers from their authorities as appropriate to assist the Cabinet, Managing Director, Chief Finance Officer and Monitoring Officer in the exercise of their functions.