

AGENDA ITEM 5**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****FRIDAY MAY 29th 2020****REPORT OF THE CHIEF EXECUTIVE****TVCA GROUP GOVERNANCE ARRANGEMENTS****SUMMARY**

This report provides an update to the TVCA Group Governance arrangements, incorporating the necessary amendments to give effect to the evolving Group structure and STDC Board composition.

The proposed TVCA Group structure is set out at Appendix 1, with the TVCA specific area set out at Appendix 2. This incorporates the amendments required to South Tees Development Corporation (STDC) structures to reflect the negotiated compromise agreement with SSI/Thai Banks, the successful Compulsory Purchase Order (CPO) process and the associated joint venture arrangements.

RECOMMENDATIONS

It is recommended that the Combined Authority Cabinet:

- i. Approves the proposed amendments to the Group Governance arrangements and roles and responsibilities of Senior Officers and, following the Independent Review referred to at paragraph 9 below, delegates the authority to the Tees Valley Mayor to approve any further necessary changes, provided the impact of such remains within the funding envelope detailed in the TVCA Medium Term Financial Plan;
- ii. Approves the Mayor's proposal regarding membership of the STDC Board and agrees to consequential changes to the STDC Constitution to enact this; and
- iii. Delegates to the Chief Executive Officer, in consultation with the Director of Finance and Resources and the Monitoring Officer, to make the necessary administrative arrangements to coordinate and manage the proposed amendments.

DETAIL

1. In recent months there have been a number of developments in the progress of the TVCA group that require consideration of the best way to manage the Group going forward, with the desire to maximise efficiency and effectiveness and reduce duplication of effort.
2. In summary these are:
 - a) A positive decision has been secured on the CPO of the former SSI land;
 - b) An agreement has been secured with SSI/Thai Banks;

- c) Progress has been made towards moving the site to a delivery phase with development partners and a Joint Venture arrangement agreed to take forward the onward marketing and development of the site once demolition and remediation have been completed;
 - d) A Joint Venture arrangement has been established to undertake the Business Park development at the south side of the airport site;
 - e) TVCA has made a significant investment in a trading company, Teesside International Airport Limited.
3. This report provides an update to the TVCA Group Governance arrangements, incorporating the necessary amendments to give effect to the evolving Group structure and to ensure that the Group is able to maximise efficiency and effectiveness and reduce duplication of effort.
 4. The proposed TVCA Group structure (incorporating previous TVCA approvals as set out below) is set out at Appendix 1, with the TVCA specific areas and directorates set out at Appendix 2. This incorporates the amendments required to STDC structures to reflect the negotiated compromise agreement with SSI/Thai Banks, the successful CPO process and the associated joint venture arrangements.
 5. The development of the TVCA Group activities, successful resolution to the CPO inquiry, establishment of development partner joint venture arrangements and the proposed transition of STSC into local control later in the year means that it is appropriate to also review the TVCA Group governance arrangements.
 6. The proposed TVCA Group structure (including previous TVCA approvals) is set out at Appendix 1 to this report.

This structure provides:

- TVCA level governance
 - TVCA Group entities governance
 - TVCA Group delivery leadership
7. The delivery areas are set out at Appendix 1 and will be discharged by the proposed amendments to establish the TVCA Group Executive Team (“the Executive Team”) as referred to in the diagram. The proposed changes ensure that there is Executive Team responsibility for the areas listed working with teams and leaders across the different group entities to ensure there is strategic oversight, alignment and direction.
 8. The move to TVCA Group delivery structures will enable streamlining and harmonisation of business processes, activities and will enable the group to take advantage of economies of scale. The proposals will lead to a restructuring of TVCA Group resources enabling a refocus on value added activities that directly drive delivery and ultimately economic growth. The group structure also provides the opportunity to take a Group wide approach to the valuable support services that enable operational delivery. The Group Chief Executive Officer will lead the restructuring activity with a view to moving fully to the new arrangements by 1 April 2021 after full transition of STSC to local control. In the interim all opportunities to migrate towards Group operating practices will be undertaken. The estimated financial savings expected from the restructuring are c£250k, however further detail will be developed and estimates refined throughout 2020-21 financial year. The impact of any changes on the 2020-21 financial year will be maintained within the existing budget envelope.

9. The new group structure anticipates that the departed Chief Executive Officer of STDC / STSC and the Managing Director of Teesside International Airport Limited are not replaced and that day to day operational management of these organisations is undertaken by their respective Director groups, and that strategic management and oversight is undertaken by a Group Executive Team, led by the Group Chief Executive and supported by a Group Finance Director and Group Commercial Director. This team will be responsible for overall delivery of the TVCA Investment Plan and to ensure that the wider Group is working in harmony to support the delivery of the Investment Plan wherever possible. Given the significant changes in the structure and individual responsibilities, the Mayor has commissioned the LGA Workforce team to undertake a review of salaries and make recommendation as to any appropriate changes. It is expected that overall this will deliver significant cost savings compared to previous arrangements.
10. The move to the Group delivery model will require some changes to policies and procedures that will be enacted throughout 2020-21 financial year, subject to any necessary consultation processes and periods where applicable.
11. The increasing development of the TVCA Group structure to support delivery of the TVCA Investment Plan will be significantly enhanced by updating, amending and developing the necessary governance structures, processes and procedures to ensure all opportunities are maximised. This report provides the basis on which to make these amendments within the existing financial envelope and with a commitment to make further savings as the benefits of more harmonised systems develop.
12. The term of STDC Board members is due to come to an end and the STDC Constitution, envisages replacement Board members having a 4-year term to coincide with Mayoral elections. Given the delay in the date of the Mayoral Election, it is proposed that wholesale changes to the Board are not made at this time, rather a reduced number of Board members are proposed to allow for a more streamlined approach leading up to and beyond transition of STSC to local ownership. To that end the Mayor has proposed the Board members included at Appendix 3 be appointed to the STDC Board for a period until 30 May 2021 to coincide with the revised date of the Mayoral election.
13. To facilitate the new, streamlined STDC Board, it is proposed to make some amendments to the STDC Constitution. Most are administrative in nature and do not require consent of TVCA Cabinet but there is a proposal to amend some requirements which does. In particular this involves removing the need to have two Local Authority leaders on the Board, and revert to the statutory requirement of having the leader of the constituent council on the Board, in this case Redcar and Cleveland Borough Council ("RCBC"). For the avoidance of doubt these are constitutional changes designed to bring the STDC constitution in line with the Statutory Order and the intention is that the leaders of both RCBC and Middlesbrough Borough Council will remain on the STDC Board.

FINANCIAL IMPLICATIONS

14. The proposed amendments to the Group Governance arrangements remain within the financial envelope set out in the TVCA Investment Plan as outlined in this report. The target efficiency savings levels from implementing the amendments are £250k in 2021/22 financial year, and this will be monitored and managed as part of the implementation of the administrative structure changes.
15. All staffing changes will be implemented in line with the relevant approved policies and in line with statutory requirements and all enabling technology costs are provided within the existing core budgets as part of the 2020-21 budget setting process.

LEGAL IMPLICATIONS

16. The proposed amendments to the TVCA Group structure require staffing changes that will be subject to the necessary statutory consultation periods. The implementation of the changes will follow all applicable statutory legislation, guidance and associated TVCA Group entities policies.
17. Where administrative changes to the Group structure require amendments to the Scheme of Delegation and/or Constitution of TVCA or its Group entities the necessary approvals will be sought in advance of the implementation of any changes. The appropriate constitutional amendments required to deliver the content of this report are provided at Appendix 5.

RISK ASSESSMENT

18. The TVCA Group structure has evolved since the inception of the Combined Authority to reflect the strategic investments set out within the TVCA Investment Plan. These developments have detailed the required delivery mechanisms to ensure the efficient and effective delivery of TVCA objectives. TVCA has carefully considered the risks associated with these developments at each stage and will continue to do so as delivery progresses.
19. The Corporate Risk Register has been updated to reflect how the proposed amendments mitigate Corporate Risks through an efficient and effective Group structure. The updated Corporate Risk register extract is provided at Appendix 4. The implementation of the proposed amendments will also incorporate a more detailed risk register to support the management of the proposed changes.

CONSULTATION & COMMUNICATION

20. The proposed amendments will require different stages of communication, with the initial stage being this report to Cabinet Members. The implementation of the amendments and subsequent operational activity may require administrative changes to policies/procedures to maximise the efficiency of the Group. Where such activity requires changes to TVCA Group entity policies/procedures and/or constitutional changes all necessary approvals will be sought and communicated accordingly prior to implementation.

21. The Group entities will require appropriate marketing and branding activity to clearly communicate their purpose and responsibilities and how they support the overall vision for the Tees Valley. A marketing and branding piece of work is currently underway to support this requirement and will be communicated to key stakeholders.

EQUALITY & DIVERSITY

22. The proposed amendments to the Group structure, and all Group entities will be required to comply fully with all prevailing Equality and Diversity requirements. There are no new Equality and Diversity issues associated with the content and decisions contained in this report.

LOCAL ENTERPRISE PARTNERSHIP

23. This item has been considered at the LEP meeting in advance of it coming forward to Cabinet.

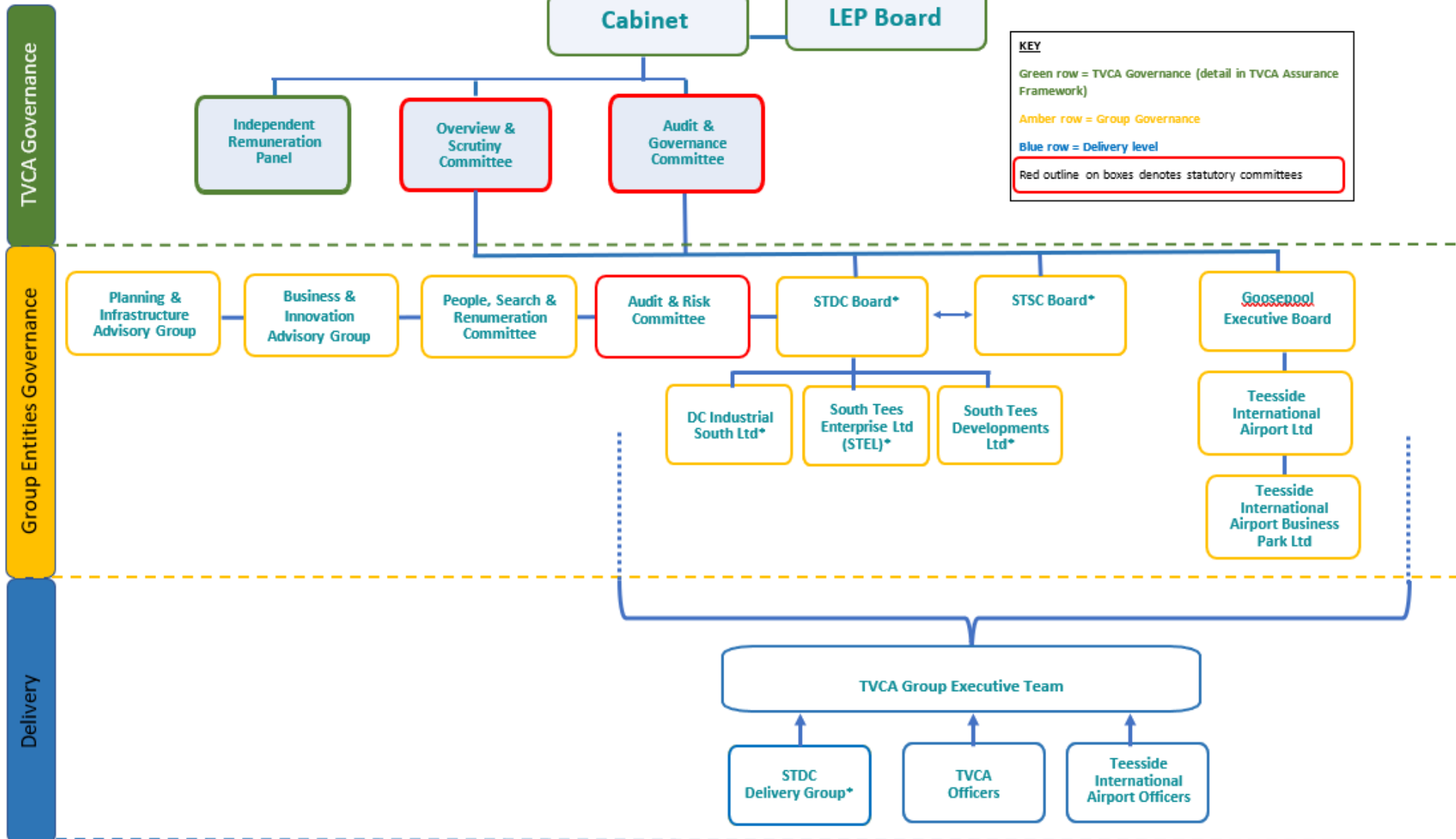
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Tees Valley Combined Authority Group Governance Structure



Tees Valley Mayor

TVCA Group Executive Team

Group Chief Executive Officer – Julie Gilhespie
 Group Finance Director and s73 Officer _ Gary MacDonald
 Group Commercial Director – Alison Fellows

TVCA

South Tees Site

Goosepool / TIAL

Business & Skills Directorate

Inward Investment
 Business Growth
 Innovation
 Education, Employment & Skills

Commercial and Delivery Directorate

Transport
 Culture
 Infrastructure
 Commercial Investment

Commercial Team

Investor Negotiations
 Commercial Contracts

Site Development Team

Site preparation
 Construction

Site Management

South Tees Site Company (currently BEIS owned)

Site Security
 Site Safety

Operations

Day to day airport ops
 Security

Commercial

Airline Development
 In Terminal Commercial activities

Resources

Finance
 Northside
 Southside – relationship with JV

Group Support Services

Strategy & Policy
 Procurement
 Legal and HR

Comms and Marketing
 Finance
 IT and admin

Proposed STDC Board

Mayor Ben Houchen
Paul Booth OBE
Cllr Mary Lanigan
Sir Alan Cockshaw
Mayor Andy Preston
Steve Gibson OBE
Graham Robb
David Smith
Jacob Young MP

Ref	Risk description/ Category	Consequences	Owner	Current Controls	Net Risk Score			Change since last Q	Reasons for change since last quarter	Further Controls Required	Deadline	Comments	Review Date
					Impact (1-5)	Probability (1-5)	Score (1-25)						
C07	Failure to provide sufficient capacity to deliver TVCA functions. (DELIVERY)	<ul style="list-style-type: none"> Delays in terms of TVCA business being transacted, decisions being made and funding being defrayed Potential loss of investment into Tees Valley Delays in achieving SEP and Investment Plan outputs and outcomes Potential effect on ability to bid credibly for additional funding Key staff may decide to leave organisation Reputational damage 	Chief Executive	<ul style="list-style-type: none"> Oversight by Senior Management Team Reviews being implemented Recruitment under way in key areas (eg AEB devolution) Further reviews as part of annual medium term financial plan to go to January Cabinet Implementation of reviews under way 	4	3	12	-	<p>Proposed TVCA Group structure changes to be implemented to improve the efficiency and effectiveness of the Group.</p> <p>The necessary amendments to the TVCA Group structure will be presented to TVCA Cabinet and Group entity Board structures where applicable.</p>	TVCA Group operational structure/policy/procedure changes will be implemented throughout 2020-21 financial year to support the proposed arrangements.	Mar-21	Further updates will be provided as part of the normal Corporate Risk Register update cycle.	May-20



TEES VALLEY MAYOR

Draft revised Constitution

Version 6.0

To be presented to Tees Valley Combined Authority Cabinet on: 29.05.2020



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Constitution Version 5.0	29.01.2020	Constitution Version 4.0	29.01.2020
Constitution Version 4.0	24.07.2019	Constitution Version 3.0	24.07.2019
Constitution Version 3.0	25.07.2018	Constitution Version 2.0	25.07.2018
Constitution Version 2.0	30.05.2018	Constitution Version 1.0	30.05.2018
PREVIOUS UPDATES			
Document Title	Date Approved by Board	Amendments made	In force from:
Constitution Version 1.0	24.08.2017	None, original constitution	01.08.2017

Introduction

1. The South Tees Development Corporation (“the Corporation”) is a Mayoral Development Corporation responsible for approximately 4,500 acres (1,820 hectares) of land to the south of the River Tees, in the Borough of Redcar and Cleveland.
2. The Corporation has been established pursuant to the powers devolved to the Tees Valley Mayor under the Tees Valley Combined Authority (Functions) Order 2017. This Constitution reflects this statutory framework and constitutes a direction to the Corporation pursuant to s220 Localism Act 2011.
3. This Constitution initially took effect on August 1st 2017 – when new statutory arrangements were enacted - and has been amended four times subsequently, most recently on January 29th 2020. Prior to this the functions of the Corporation were led by a Shadow Board established by the Combined Authority and Government Ministers in May 2016.

Objectives

4. The objectives of the Corporation are:
 - a. To further the economic development and regeneration of the South Tees area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley’s Strategic Economic Plan;
 - b. To attract private sector investment and secure new, additional, good quality jobs, accessible to the people of the Tees Valley;
 - c. To transform and improve the working environment of the Corporation area, providing good quality, safe conditions for the workforce and wider community;
 - d. To contribute to the delivery of the UK Industrial Strategy, by supporting the growth of internationally competitive industries with access to global markets, taking a comprehensive approach to redevelopment at a scale that enables the realisation of an international-level investment opportunity.
5. In support of these core objectives, the Corporation will work collaboratively with the Tees Valley Combined Authority, Redcar and Cleveland Council, the SSI Task Force and other partners to contribute positively to local and Tees Valley-wide initiatives on skills, job opportunities for local people (including those directly and indirectly

affected by the closure of the steelworks), inward investment, transport, sustainable development, the natural environment, culture and tourism.

6. Arrangements for mutual cooperation and understanding will be set out between the Corporation, Combined Authority and Redcar and Cleveland Council; addressing the issues set out in paragraph 4 and any other relevant matters.
7. To support the achievement of its core objectives, the Corporation will develop, consult upon and maintain a Master Plan, setting out how its objectives will be secured by the development of land and infrastructure within its area of responsibility.

Boundary

8. The precise area covered by the Corporation (the “Site”) is shown at Appendix A.

The Board

9. The Chair, Vice-Chair and Board of the Corporation shall be appointed by the Combined Authority, following a proposal put to it by the Mayor.
10. The Board must include the Tees Valley Mayor and the Leader of Redcar and Cleveland Council (as the authority in which the site is located). The Mayor may propose themselves as Chair of the Corporation.
11. Other Board members shall be appointed following an open and transparent process in accordance with best practice in public appointments. In making appointments, the Mayor and Combined Authority must have regard to the desirability of appointing a person who has experience of, and has shown some capacity in, a matter relevant to the carrying out of the Corporation’s functions. Appointments shall be for a fixed period of no more than 4 years, to align with the Mayor’s period of office.
12. There shall be a minimum of 6 and a maximum of 10 Board Members in total, in addition to those detailed in paragraph 10.
13. A Board member may resign by serving notice on the Mayor.
14. Any Board member may be removed by the Mayor, with the agreement of the Combined Authority, where there is due cause to do so in accordance with Schedule 21 Localism Act 2011.

15. The Chair of the Board may resign that appointment by serving notice on the Mayor, without resigning membership of the Board. Where the Mayor is the Chair of the Board, they may resign by informing the Combined Authority.
16. All decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in this Constitution. The Board shall seek consensus on all matters, but where consensus cannot be achieved decisions shall be made by majority vote, with the Chair exercising a casting vote.
17. Subject to any direction given to it by the Combined Authority, the Corporation may decide on its own procedure, and the procedure of any of its Board, Audit & Risk Committee or workstreams established by the Board.
18. The quorum shall be one-third of the members in office, rounded up in the event of an uneven number, to include at least two of the Board members who are also Cabinet Members of the Combined Authority.
19. The Chief Executive of the Combined Authority shall be appointed as an Associate Member, with the right to participate fully in Board discussions and to receive all papers but not vote.
20. The Corporation shall hold an Annual Meeting to consider any amendments to its procedures, to recommend any changes to this Constitution to the Combined Authority, and to make appointments to Committee roles.
21. The Combined Authority may set an allowance for Board members, following advice received from its Independent Remuneration Panel.

The Statutory Officers

22. The Corporation shall appoint a Chief Executive with overall responsibility for the Corporation's operations and staff, and to act as lead adviser to the Board.
23. The Director of Finance & Resources of the Combined Authority (the "Director of Finance") shall fulfil the role of Director of Finance & Resources of the Corporation. The powers of the Director of Finance & Resources are set out in this Constitution and Statute. The Director of Finance & Resources shall oversee the interface between the financial responsibilities of the Combined Authority and the Corporation, to ensure the financial integrity of both organisations.

24. Further to s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the “Monitoring Officer”) shall apply as if the Corporation were a Committee to the Combined Authority.

Powers of the Corporation

25. Subject to Legislation, this Constitution and any other directions made by the Combined Authority, the Corporation may do anything it considers appropriate for the purposes of securing the regeneration of its area, or for purposes incidental to that objective.
26. The Corporation has a number of specific powers from the Localism Act, as set out below in this section. All of the powers are subject to the overriding objectives set out in paragraph 3, and the provisions of this Constitution, and are summarised as:
- a. Powers in relation to infrastructure
 - i. This includes the power to provide, or facilitate the provision of infrastructure.
 - b. Powers in relation to land
 - i. The power to regenerate or develop land.
 - ii. To bring about the more effective use of land.
 - iii. To provide buildings or other land.
 - iv. To acquire, hold, improve, manage, reclaim, repair or dispose of land, buildings, plant, machinery, equipment or other property.
 - v. To carry out building or other operations, including demolishing buildings.
 - c. Powers to acquire land
 - i. To acquire land in its area or elsewhere, in accordance with the provisions of the Localism Act 2011.
 - d. Powers in relation to acquired land
 - i. To override easements
 - ii. To extinguish public rights of way (with the consent of the Secretary of State)
 - e. Powers in relation to businesses and companies
 - i. To carry on any business.
 - ii. To form or acquire interests in any business or company.
 - f. Financial assistance powers
 - i. To provide financial assistance to any person.
 - ii. This may be given in any form, including grants, loans, guarantees,

investments, or the incurring of expenditure for the benefit of the person assisted.

- g. Powers in relation to discretionary relief from non-domestic rates
 - i. To determine the amount of discretionary rate relief from non-domestic rates (i.e. business rates).

27. Redcar & Cleveland Borough Council shall continue to be the billing and collecting authority for non-domestic rates for existing operations, except in respect of areas of the Site which are designated as Enterprise Zones where the revenue is received by the Combined Authority. Going forwards designation of the whole of the Site as a Special Economic Area, with business rates at a level of 100%, enables arrangements to be put in place regarding the shares for the Council and TVCA.

Decision Making

28. The Board shall be responsible for identifying any decision or issue which may result in a significant risk of:

- a. A financial liability; or
- b. A statutory liability; or
- c. An environmental or criminal liability

to the Combined Authority or to any or all of its Constituent Authorities (“a Referral Decision”), and shall refer such decisions or issues to the Combined Authority for agreement before such liabilities arise, and prior to the implementation of any such decision.

29. The Statutory Officers shall advise the Board when a Referral Decision may be required, and their advice shall be communicated to the Board before any such decisions are taken. In the event that the Statutory Officers conclude that a Board decision or other event gives rise to a Referral Decision they shall, in the absence of such a referral by the Board, and in consultation with the Chief Executive of the Combined Authority, refer that decision to the Combined Authority for consideration. In these circumstances, the decision will not be implemented until ratified by the Combined Authority. Where there is a requirement for an urgent decision, the Combined Authority will not unreasonably delay ratification.

30. Where the Audit and Risk Committee identifies a significant risk under paragraph 28, it shall recommend to the Board that in their view this gives rise to a Referral Decision.

31. The Combined Authority may give the Corporation general or specific directions or guidance in relation to the exercise of any of the Corporations functions. The Corporation must comply with any directions given by the Combined Authority that

are in force (s220 Localism Act 2011), and must have regard to any guidance issued (s219 Localism Act 2011).

32. A decision by the Corporation to exercise powers in relation to discretionary relief from non-domestic rates which has a significant adverse financial impact upon Redcar & Cleveland Borough Council must also be approved by the Leader of Redcar & Cleveland Borough Council. The Leader of the Council may, or may be required by their Council to, refer such decisions for agreement by the Council as a whole.
33. Officers working for the Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision in accordance with clause 28 and notify the Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or Combined Authority's liabilities.
34. The Combined Authority has a Strategic Economic Plan and a Local Industrial Strategy which are supported by Redcar and Cleveland Borough Council's Regeneration Masterplan (2010) and Growth Strategy (2015). The Corporation works within the context of these strategies to grow and diversify the local economy. In 2017, the Corporation launched its comprehensive Master Plan, presenting the vision, strategy and ideas for the transformational regeneration of the South Tees area into a national asset for new industry and enterprise, to be realised through the creation of a world class industrial business park, making a substantial contribution to the economic growth and prosperity of the Tees Valley.
35. The Corporation shall ensure that any new facilities it facilitates do not unduly jeopardise the viability of existing retail business, health, education or training facilities across the wider Tees Valley.

Reporting

36. As soon as reasonably practicable after the end of each financial year, the Corporation must prepare an annual report on how it has exercised its functions during the year, including a copy of its audited statement of accounts for that year, and send that report to the Combined Authority's Cabinet, Overview and Scrutiny Committee and Audit and Governance Committee. The "financial year" shall mean a period of 12 months ending with 31st March.
37. The Corporation's officers shall respond promptly to requests from the Director of Finance & Resources, and follow any advice and actions required in a timely manner. The Corporation shall make available any financial information reasonably requested from the Combined Authority, or from Finance Directors of the Combined Authority's constituent councils.

Committees

38. In addition to the Audit & Risk committee, the Corporation may establish workstreams of the Board.
39. A workstream may, with agreement of the Board, include persons who are not members of the Corporation. The work of these workstreams, or any recommendations made by them, will be reported back to the Board as part of the Chief Executive's standing update or by additional report as appropriate
40. The Board must approve the Terms of Reference of any such workstream.

Audit and Risk Committee

41. The Corporation shall establish an Audit & Risk Committee. The Mayor, with agreement of the Combined Authority, shall appoint an independent Chair of the Audit and Risk Committee who is not also a member of the Corporation's Board. The Combined Authority's Audit and Governance Committee shall appoint one of its members to be a member of the Corporation's Audit and Risk Committee. The other members of the Audit and Risk Committee shall be appointed by the Board.

Delegations

42. The Corporation may delegate any of its functions to any of its members, Committees or staff.
43. A Committee of the Corporation may delegate any function conferred on it to any member of the Corporation, any sub-committee of the Committee, or any of the Corporation's staff.
44. The Corporation shall establish:
 - a. A Scheme of Delegation to include appropriate financial limits;
 - b. Procurement Policy which accords with the Public Contract Regulations 2015;
 - c. Financial Procedure Rules including provision for setting an annual budget;
 - d. A Code of Conduct together with a register of interests;
 - e. Provisions relating to the resolution of conflict of interests;
 - f. Access to information procedure rules.

Amending the Constitution

45. This Constitution is a living document and shall be amended as the Corporation progresses. Authority is delegated to the Monitoring Officer of the Combined Authority, in consultation with the Chief Executive of the Corporation and the Chief Executive of the Combined Authority, 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 by the Combined Authority's Cabinet.

DRAFT

Appendix A – Plan of the area of responsibility of the South Tees Development Corporation

A larger scale plan of the boundary is available at www.teesvalley-ca.gov.uk/stdc



**South Tees
Development
Corporation**

Cavendish House, Teesdale Business Park
Stockton-on-Tees
Tees Valley TS17 6QY
Tel: 01642 408 000
www.southteesdc.co.uk



**TEES VALLEY
COMBINED
AUTHORITY**

TEES VALLEY MAYOR



Draft revised Constitution

Version 6.0

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Objectives

4. The objectives of the Corporation are:
 - a. To further the economic development and regeneration of the South Tees area, so that it becomes a major contributor to the Tees Valley economy and the delivery of the Tees Valley’s Strategic Economic Plan;
 - b. To attract private sector investment and secure new, additional, good quality jobs, accessible to the people of the Tees Valley;
 - c. To transform and improve the working environment of the Corporation area, providing good quality, safe conditions for the workforce and wider community;
 - d. To contribute to the delivery of the UK Industrial Strategy, by supporting the growth of internationally competitive industries with access to global markets, taking a comprehensive approach to redevelopment at a scale that enables the realisation of an international-level investment opportunity.
5. In support of these core objectives, the Corporation will work collaboratively with the Tees Valley Combined Authority, Redcar and Cleveland Council, the SSI Task Force and other partners to contribute positively to local and Tees Valley-wide initiatives on skills, job opportunities for local people (including those directly and indirectly

affected by the closure of the steelworks), inward investment, transport, sustainable development, the natural environment, culture and tourism.

6. Arrangements for mutual cooperation and understanding will be set out between the Corporation, Combined Authority and Redcar and Cleveland Council; addressing the issues set out in paragraph 4 and any other relevant matters.
7. To support the achievement of its core objectives, the Corporation will develop, consult upon and maintain a Master Plan, setting out how its objectives will be secured by the development of land and infrastructure within its area of responsibility.

Boundary

8. The precise area covered by the Corporation (the “Site”) is shown at Appendix A.

The Board

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10. The Board must include the Tees Valley Mayor and the Leader of Redcar and Cleveland Council (as the authority in which the site is located). The Mayor may propose themselves as Chair of the Corporation.
11. Other Board members shall be appointed following an open and transparent process in accordance with best practice in public appointments. In making appointments, the Mayor and Combined Authority must have regard to the desirability of appointing a person who has experience of, and has shown some capacity in, a matter relevant to the carrying out of the Corporation’s functions. Appointments shall be for a fixed period of no more than 4 years, to align with the Mayor’s period of office.
12. There shall be a minimum of 6 and a maximum of 10 Board Members in total, in addition to those detailed in paragraph 10.
13. A Board member may resign by serving notice on the Mayor.
14. Any Board member may be removed by the Mayor, with the agreement of the Combined Authority, where there is due cause to do so in accordance with Schedule 21 Localism Act 2011.

15. The Chair of the Board may resign that appointment by serving notice on the Mayor, without resigning membership of the Board. Where the Mayor is the Chair of the Board, they may resign by informing the Combined Authority.
16. All decisions of the Corporation, unless otherwise delegated, shall be taken by the Board in accordance with the arrangements set out in this Constitution. The Board shall seek consensus on all matters, but where consensus cannot be achieved decisions shall be made by majority vote, with the Chair exercising a casting vote.
17. Subject to any direction given to it by the Combined Authority, the Corporation may decide on its own procedure, and the procedure of any of its Board, Audit & Risk Committee or workstreams established by the Board.
18. The quorum shall be one-third of the members in office, rounded up in the event of an uneven number, to include at least two of the Board members who are also Cabinet Members of the Combined Authority.
19. The Chief Executive of the Combined Authority shall be appointed as an Associate Member, with the right to participate fully in Board discussions and to receive all papers but not vote.
20. The Corporation shall hold an Annual Meeting to consider any amendments to its procedures, to recommend any changes to this Constitution to the Combined Authority, and to make appointments to Committee roles.
21. The Combined Authority may set an allowance for Board members, following advice received from its Independent Remuneration Panel.

The Statutory Officers

22. The Corporation shall appoint a Chief Executive with overall responsibility for the Corporation's operations and staff, and to act as lead adviser to the Board.
23. The Director of Finance & Resources of the Combined Authority (the "Director of Finance") shall fulfil the role of Director of Finance & Resources of the Corporation. The powers of the Director of Finance & Resources are set out in this Constitution and Statute. The Director of Finance & Resources shall oversee the interface between the financial responsibilities of the Combined Authority and the Corporation, to ensure the financial integrity of both organisations.

24. Further to s7 of the Tees Valley Combined Authority (Functions) Order 2017, the designation and reports of the Monitoring Officer to the Combined Authority (the “Monitoring Officer”) shall apply as if the Corporation were a Committee to the Combined Authority.

Powers of the Corporation

25. Subject to Legislation, this Constitution and any other directions made by the Combined Authority, the Corporation may do anything it considers appropriate for the purposes of securing the regeneration of its area, or for purposes incidental to that objective.
26. The Corporation has a number of specific powers from the Localism Act, as set out below in this section. All of the powers are subject to the overriding objectives set out in paragraph 3, and the provisions of this Constitution, and are summarised as:
- a. Powers in relation to infrastructure
 - i. This includes the power to provide, or facilitate the provision of infrastructure.
 - b. Powers in relation to land
 - i. The power to regenerate or develop land.
 - ii. To bring about the more effective use of land.
 - iii. To provide buildings or other land.
 - iv. To acquire, hold, improve, manage, reclaim, repair or dispose of land, buildings, plant, machinery, equipment or other property.
 - v. To carry out building or other operations, including demolishing buildings.
 - c. Powers to acquire land
 - i. To acquire land in its area or elsewhere, in accordance with the provisions of the Localism Act 2011.
 - d. Powers in relation to acquired land
 - i. To override easements
 - ii. To extinguish public rights of way (with the consent of the Secretary of State)
 - e. Powers in relation to businesses and companies
 - i. To carry on any business.
 - ii. To form or acquire interests in any business or company.
 - f. Financial assistance powers
 - i. To provide financial assistance to any person.
 - ii. This may be given in any form, including grants, loans, guarantees,

investments, or the incurring of expenditure for the benefit of the person assisted.

- g. Powers in relation to discretionary relief from non-domestic rates
 - i. To determine the amount of discretionary rate relief from non-domestic rates (i.e. business rates).

27. Redcar & Cleveland Borough Council shall continue to be the billing and collecting authority for non-domestic rates for existing operations, except in respect of areas of the Site which are designated as Enterprise Zones where the revenue is received by the Combined Authority. Going forwards designation of the whole of the Site as a Special Economic Area, with business rates at a level of 100%, enables arrangements to be put in place regarding the shares for the Council and TVCA.

Decision Making

28. The Board shall be responsible for identifying any decision or issue which may result in a significant risk of:

- a. A financial liability; or
- b. A statutory liability; or
- c. An environmental or criminal liability

to the Combined Authority or to any or all of its Constituent Authorities (“a Referral Decision”), and shall refer such decisions or issues to the Combined Authority for agreement before such liabilities arise, and prior to the implementation of any such decision.

29. The Statutory Officers shall advise the Board when a Referral Decision may be required, and their advice shall be communicated to the Board before any such decisions are taken. In the event that the Statutory Officers conclude that a Board decision or other event gives rise to a Referral Decision they shall, in the absence of such a referral by the Board, and in consultation with the Chief Executive of the Combined Authority, refer that decision to the Combined Authority for consideration. In these circumstances, the decision will not be implemented until ratified by the Combined Authority. Where there is a requirement for an urgent decision, the Combined Authority will not unreasonably delay ratification.

30. Where the Audit and Risk Committee identifies a significant risk under paragraph 28, it shall recommend to the Board that in their view this gives rise to a Referral Decision.

31. The Combined Authority may give the Corporation general or specific directions or guidance in relation to the exercise of any of the Corporations functions. The Corporation must comply with any directions given by the Combined Authority that

are in force (s220 Localism Act 2011), and must have regard to any guidance issued (s219 Localism Act 2011).

32. A decision by the Corporation to exercise powers in relation to discretionary relief from non-domestic rates which has a significant adverse financial impact upon Redcar & Cleveland Borough Council must also be approved by the Leader of Redcar & Cleveland Borough Council. The Leader of the Council may, or may be required by their Council to, refer such decisions for agreement by the Council as a whole.
33. Officers working for the Corporation shall maintain a register of significant risks which may lead to or constitute a Referral Decision in accordance with clause 28 and notify the Director of Finance & Resources at the earliest opportunity of changes to the risk profile of the Corporation which could have a material effect on the Corporation's or Combined Authority's liabilities.
34. The Combined Authority has a Strategic Economic Plan and a Local Industrial Strategy which are supported by Redcar and Cleveland Borough Council's Regeneration Masterplan (2010) and Growth Strategy (2015). The Corporation works within the context of these strategies to grow and diversify the local economy. In 2017, the Corporation launched its comprehensive Master Plan, presenting the vision, strategy and ideas for the transformational regeneration of the South Tees area into a national asset for new industry and enterprise, to be realised through the creation of a world class industrial business park, making a substantial contribution to the economic growth and prosperity of the Tees Valley.
35. The Corporation shall ensure that any new facilities it facilitates do not unduly jeopardise the viability of existing retail business, health, education or training facilities across the wider Tees Valley.

Reporting

36. As soon as reasonably practicable after the end of each financial year, the Corporation must prepare an annual report on how it has exercised its functions during the year, including a copy of its audited statement of accounts for that year, and send that report to the Combined Authority's Cabinet, Overview and Scrutiny Committee and Audit and Governance Committee. The "financial year" shall mean a period of 12 months ending with 31st March.
37. The Corporation's officers shall respond promptly to requests from the Director of Finance & Resources, and follow any advice and actions required in a timely manner. The Corporation shall make available any financial information reasonably requested from the Combined Authority, or from Finance Directors of the Combined Authority's constituent councils.

Committees

38. In addition to the Audit & Risk committee, the Corporation may establish workstreams of the Board.
39. A workstream may, with agreement of the Board, include persons who are not members of the Corporation. The work of these workstreams, or any recommendations made by them, will be reported back to the Board as part of the Chief Executive's standing update or by additional report as appropriate
40. The Board must approve the Terms of Reference of any such workstream.

Audit and Risk Committee

41. The Corporation shall establish an Audit & Risk Committee. The Mayor, with agreement of the Combined Authority, shall appoint an independent Chair of the Audit and Risk Committee who is not also a member of the Corporation's Board. The Combined Authority's Audit and Governance Committee shall appoint one of its members to be a member of the Corporation's Audit and Risk Committee. The other members of the Audit and Risk Committee shall be appointed by the Board.

Delegations

42. The Corporation may delegate any of its functions to any of its members, Committees or staff.
43. A Committee of the Corporation may delegate any function conferred on it to any member of the Corporation, any sub-committee of the Committee, or any of the Corporation's staff.
44. The Corporation shall establish:
 - a. A Scheme of Delegation to include appropriate financial limits;
 - b. Procurement Policy which accords with the Public Contract Regulations 2015;
 - c. Financial Procedure Rules including provision for setting an annual budget;
 - d. A Code of Conduct together with a register of interests;
 - e. Provisions relating to the resolution of conflict of interests;
 - f. Access to information procedure rules.

Amending the Constitution

45. This Constitution is a living document and shall be amended as the Corporation progresses. Authority is delegated to the Monitoring Officer of the Combined Authority, in consultation with the Chief Executive of the Corporation and the Chief Executive of the Combined Authority, 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 by the Combined Authority's Cabinet.

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Appendix A – Plan of the area of responsibility of the South Tees Development Corporation

A larger scale plan of the boundary is available at www.teesvalley-ca.gov.uk/stdc



**South Tees
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Corporation**

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**TEES VALLEY
COMBINED
AUTHORITY**

TEES VALLEY MAYOR

