

AGENDA ITEM 11

REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINETFRIDAY MARCH 13th 2020

REPORT OF DIRECTOR OF FINANCE AND RESOURCES

**COMPULSORY PURCHASE ORDER (CPO) AND JOINT VENTURE
PARTNERSHIP FOR SOUTH TEES DEVELOPMENT CORPORATION****SUMMARY**

This report has been produced to update Tees Valley Combined Authority (TVCA) Cabinet on the progress made with CPO and the Commercial negotiations to deliver the comprehensive regeneration of the South Tees Development Corporation (STDC) Area.

An agreement has been reached involving multiple parties that sees some of the land being purchased through a pre-agreed value at CPO and other parts through direct agreement. This will allow acquisition of the land to come forward much more quickly than through a standard CPO process, reduce the risk of challenge and ensure the acquisition price at a level well within the budget allocated to STDC.

Consequently this is not a referral decision by STDC and there are no financial implications to TVCA in the deal. However, there are powers that, in the establishment order for STDC, were conferred upon TVCA rather than directly on STDC and the use of these powers need to be approved to permit STDC to complete the transaction.

DETAIL

Authority for the STDC to purchase the former SSI land was passed to the STDC in two TVCA cabinet decisions, specifically:

- The Combined Authority approved £56.5m at Cabinet on January 24th 2019 for infrastructure and land acquisition investment at South Tees Development Area; and
- The Combined Authority also consented to the making of the CPO at Cabinet on March 2019 15th.

The Constitution of STDC contains provisions for referral decision to Cabinet where such decisions may result in a significant risk of; a financial liability, a statutory liability or an environmental or criminal liability. The recommendations within this report do not constitute a referral decision in this regard and there is no requirement for any additional funding from TVCA over and above that already committed.

The statutory framework for STDC was established by virtue of paragraph 4 of the Tees Valley Combined Authority (Functions) Order 2017. This Order is read in conjunction with the Localism Act 2011. The [STDC Constitution](#) sets out the key powers of the Corporation within paragraph 26 including (not exhaustive list); powers in relation to infrastructure,

powers in relation to land, powers to acquire land, powers in relation to acquired land , powers in relation to business and companies, financial assistance powers.

The powers listed within the STDC Constitution require the consent of the "Mayor".

The Schedule to the Tees Valley Combined Authority (Functions) Order 2017 modified the provisions of the Localism Act for STDC, as the Act was originally drafted to provide powers to the London Mayor. Paragraph 1(3) of the Schedule provides that whenever the Localism Act states "the Mayor", for STDC it should read "the Combined Authority".

These provisions mean that when, for example, STDC wants to form a body corporate or grant financial assistance "...with the consent of the Mayor..", for STDC it means consent of the Combined Authority to do so.

The purpose of this paper to TVCA Cabinet is to request approval for STDC to subscribe to shares to give effect to the Joint Venture arrangements designed to enable the comprehensive regeneration of the South Tees Development Area.

These proposals remain in line with the original plans and approvals provided by TVCA in terms of funding. They are designed to give effect to the necessary delivery vehicles to implement the regeneration activity.

RECOMMENDATIONS

It is recommended that Cabinet approves the following: -

- i. Cabinet hereby grants approval to STDC to subscribe to shares to give effect to the Joint Venture arrangements designed to enable the comprehensive regeneration of the South Tees Development Area. This shall include consent to exercise the relevant necessary powers within Part 8, Chapter 2 of the Localism Act 2011, including but not limited to the power to provide financial assistance under s213 of the Localism Act 2011, and any other associated necessary actions under s201(2) general powers.
- ii. Cabinet is requested to note that there are no financial implications to TVCA as a result of this deal.

FINANCIAL IMPLICATIONS

1. There are no financial implications of this transaction to TVCA.

LEGAL IMPLICATIONS

2. The Schedule to the Tees Valley Combined Authority (Functions) Order 2017 modified the provisions of the Localism Act for STDC, as the Act was originally drafted to provide powers to the London Mayor. Para 1(3) of the Schedule provides that whenever the Localism Act states "the Mayor", for STDC it should read "the Combined Authority".
3. This Report seeks to delegate those powers intended for Mayoral Combined Authorities to STDC rather than have them vested in TVCA.

RISK ASSESSMENT

4. This Report does not change the risk profile for TVCA in respect of STDC as the key risk mitigation tool, being the referral decision mechanism is unchanged.

CONSULTATION & COMMUNICATION

5. The STDC Board have been consulted on the strategies developed for ensuring that all development opportunities are maximised. This has included ensuring that multiple delivery options are developed in respect of the STDC area.
6. All STDC Board Members have been updated throughout the critical negotiation stages to ensure that, where feasible, information is relayed.
7. This report provides the consultation and communication with TVCA to support the delivery vehicle aspects of the CPO decision.

EQUALITY & DIVERSITY

8. There are no equality and diversity implications associated with this report.

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