



AGENDA ITEM 4

REPORT TO THE TEES VALLEY COMBINED AUTHORITY CABINET

15 MARCH 2024

REPORT OF THE TEES VALLEY MAYOR

TEES VALLEY MAYOR'S UPDATE

SUMMARY

This report provides a general update on the key activities of the Mayor and Combined Authority since the last Cabinet meeting not covered in other reports to this meeting.

RECOMMENDATIONS

It is recommended that the Tees Valley Combined Authority Cabinet notes the report.

DETAIL

TEES VALLEY INVESTMENT ZONE

1. The Tees Valley Investment Zone was formally announced on 6 March as part of the Spring Budget.
2. The total funding available to each IZ is £160m over 10 years (commencing April 2024), with an expectation of 60% match coming from private sector, third sector and local government. This funding can be used flexibly, including a five-year tax offer. Places can also receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.
3. TVCA is working closely with Teesside University (as significant research institution/co-signatory) on the Tees Valley Investment Zone.
4. IZs are aimed at catalysing a small number of high potential clusters in areas in need of levelling up to boost productivity and growth. They will support the development and growth of clusters to increase local innovation capacity, attract investment and strengthen the private sector.
5. TVCA and TU will continue to work with the Department for Levelling Up, Homes and Communities to co-develop the TVIZ. This is structured around a series of 'gateways' broadly covering vision, sector and economic geography, interventions, governance and delivery.

6. The TVIZ is focused on digital and technology as our priority sector, with identified high growth clusters in Middlesbrough and Hartlepool.
7. TVCA is seeking fully flexible spend of the £160m funding plus Business Rate Retention for dedicated sites. Retained Business Rates will be over and above the £160m. Interventions are being developed from the full policy menu which includes infrastructure, skills, business support, planning and R&D.

LEVEL 4 DEVOLUTION

8. The Government's Level 4 Devolution Framework was published in November 2023 and details a single offer for deepening devolution with existing Mayoral Combined Authorities (MCAs).
9. MCAs will be able to draw down from the framework, which delivers deeper powers alongside new scrutiny expectations.
10. The Framework sets out how MCAs and Mayors can apply for deeper devolved powers over adult skills, local transport, and housing and regeneration, similar to those negotiated in the Trailblazer agreements with Greater Manchester Combined Authority and the West Midlands Combined Authority. However, Level 4 deals will not, at present, include access to the single financial settlement that has been offered to Greater Manchester and the West Midlands.
11. Government will instead offer Level 4 MCAs a DLUHC-only 'consolidated pot' at the next multi-year Spending Review, covering two investment themes – local growth and place; and housing and regeneration.
12. The Level 4 offer, and its constituent parts, are optional; MCAs do not need to implement the package as a whole, unless otherwise specified. The 'transport' and 'skills and employment' packages, which, if applied for, are expected to be drawn down in their entirety. The framework also clarifies that powers previously devolved elsewhere may be applied for by existing MCAs.
13. Areas seeking Level 4 Devolution must be able to "provide confidence in the capacity, governance and culture of the institution to manage its activities effectively and take on further powers" and are required to commit to implementing a new scrutiny protocol within a year of taking on the new powers.

14. We have now had chance to understand the Level 4 Offer and the impacts that this would have on the powers and responsibilities of the Combined Authority.
15. A letter has been sent to the Levelling Up Secretary, with the agreement of all the Constituent Local Authorities, expressing our commitment to work towards a Level 4 settlement, but that we are not yet in a position to submit a formal request to the department. We are seeking further clarification around the consolidated pots for DLUCH and Transport, and to understand how the new scrutiny arrangements will work in practice

FINANCIAL IMPLICATIONS

16. Consideration will need to be given to the financial implications associated with the implementation of a new scrutiny protocol as part of the Level 4 Devolution Process, specifically in relation to the payment of allowances as set out in Scrutiny Protocol Guidance, Chapter 2 (Key Principle 8 Remuneration and Status).

LEGAL IMPLICATIONS

17. The Government and individual MCAs will need to consider any associated legal and/or legislative implications in relation to the specific Level 4 policies that are requested and their consultation requirements.

RISK ASSESSMENT

18. This report is an update and therefore is categorised as low risk.