



Local Enterprise Partnership:  
A Proposal - **Executive Summary**

September 2010



# Tees Valley Local Enterprise Partnership

## - Executive Summary

1. The Tees Valley comprises the Local Authorities of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton on Tees. It covers an area of 800 square kilometres, with a population of 650,000 (875,000 including the broader areas of economic influence in Durham and North Yorkshire) and is acknowledged nationally and regionally as a functional economic area which is reflected in its journey to work patterns and economic structure.
2. The five Local Authorities in the Tees Valley, together with the business leaders in the area, as Tees Valley Unlimited, welcome the opportunity to put forward a proposal for a Tees Valley Local Enterprise Partnership. TVU is a mature and robust civic and business leaders' partnership built on a strong tradition of joint working. TVU is ideally placed to become the Tees Valley Local Enterprise Partnership.
3. Tees Valley Unlimited has developed an ambitious but realistic and clear vision for the area. The Tees Valley is the largest petrochemicals/energy/biofuels/advanced engineering complex in the United Kingdom containing plants of a world-class scale. Teesport, the 4th largest port in the UK, is an integral part of the complex. There is an £8 billion pipeline of investment in these sectors interested in investing in the Tees Valley. Our two key ambitions are:
  - To drive the transition to the high value low carbon economy
  - To create a more diversified and inclusive economy
4. To ensure that the £8 billion pipeline of investment comes to the Tees Valley we have to ensure that our offer is competitive with our global competitors both in Europe and the Middle and Far East. Our competitive advantages are availability of land, a deep-sea port, an excellent road, energy and pipeline infrastructure and a responsive planning system. To improve our competitive offer Tees Valley Unlimited needs to remove barriers to investment. In particular Tees Valley will:
  - Develop a fast track planning process for major projects through clarifying the requirements of national agencies and statutory undertakers
  - Produce a plan identifying the electricity and water infrastructure needs of the North Tees/South Tees area
  - Reduce the energy costs to our industries by recycling waste heat and steam to neighbouring premises
  - Develop an application to the Regional Growth Fund to continue the Tees Valley Industrial Programme after March 2012
  - Work with the private sector to produce a skills plan for the development of the low carbon economy

- Work with the North East Economic Partnership to develop the supply chain for the low carbon economy and initiatives that will assist the expansion of the advanced engineering sector

5. In order to achieve our outcomes we need the following help from Government:

- Setting a clear policy framework in which investors can have confidence - a critical example is the carbon emissions trading scheme. Much of our new investment is in the low carbon economy which provides major opportunities for the Tees Valley economy - however it also poses a threat to the global competitiveness of 18 major CO2 emitters in the Tees Valley. The inclusion of the Tees Valley as a pilot carbon capture storage network could be a solution but we would request discussions with BIS/DECC/CLG and Treasury to identify how we can tackle these issues
- Developing a financial offer which is competitive with our competitors. We would like to work with BIS, CLG and Treasury to explore the principles of tax incentive financing such as corporation tax exemptions, modified enterprise zones and accelerated development zones
- The continued funding of the Centre for Process Innovation which is a vital part of our infrastructure providing technological solutions to help businesses develop the low carbon economy

6. Our second ambition is to create a more diversified and inclusive economy. TVU will:

- Support the service and retail sectors in our town centres
- Develop the digital and creative industries building on the success of Digital City and the Boho
- Work with the health sector to attract future investment in telecare/telehealth centres, knowledge based consultancies and develop the business case for a medical school
- Develop a business proposition for Government to relocate Government departments to the Tees Valley
- Develop measures to encourage the growth of financial and business services, the engineering and manufacturing sectors
- Develop the visitor economy
- Work with Durham and Teesside Universities to enhance their role in developing the local economy and in particular identify barriers to employment which need to be tackled

7. TVU will:

- Work with BIS and DWP to take forward the Government's Work for Yourself Scheme
- Develop a business support programme geared to meet the needs of deprived communities
- Work with private sector organisations to provide support for them to create a coherent business support network for the Tees Valley
- Provide skills intelligence to the universities and colleges on the skills needs of the Tees Valley economy
- Take a strategic approach to employability initiatives and skills development and in particular identify barriers to employment which need to be tackled and the solutions required.

8. TVU will:

- Regenerate our major town centres and explore with Government the possibility of tax incentives for the development of empty properties in town centres, particularly offices
- Improve the quality of our housing offer to meet the needs of the economy through increasing levels of housing growth, increase the supply of affordable homes through bringing back into use empty properties, and housing market renewal
- Ensure the provision of infrastructure meets the needs of the economy through implementing the first phase of the Tees Valley Metro, developing the bus network, managing the A19/A66, developing smart ticketing, rail gauge improvements to Teesport and opening up sites for development
- Government can help by ensuring resources are available to Network Rail for gauge enhancement of the East Coast Main Line to enable Teesport to reach its full potential for rail container traffic; amend the regulatory framework for Heathrow Airport to enable flights from regional airports such as Durham Tees Valley to become viable; amend the regulatory framework set by OFGEM to reduce the charges to gain access to the national grid which for the Tees Valley are the highest in England and acts as a barrier to energy developments

9. To implement our proposals TVU will produce by the end of October a Local Investment Plan bringing together the various capital funding streams for economic development, regeneration, housing and transport into one coordinated programme.

We ask Government to consider a single placed-based budget for the Tees Valley which will create significant efficiencies and accelerate our contribution to achieving the Government's national objectives for subnational economic growth.

10. TVU has been in operation since 2007, although there has been close partnership working in the Tees Valley. Our board is made up of the five Leaders and Mayors of the Tees Valley Authorities, five private sector business leaders and a private sector chair. We will also set up an Investment Board to deal with investment decisions. In addition we will:
  - Set up task and finish groups with private sector chairs and private sector involvement to develop policy initiatives or proposals for implementation from the Regional Growth Fund
  - Stockton on Tees Borough Council will act as the accountable body for Tees Valley Unlimited and a legal agreement is in place between all five Tees Valley Authorities
  - The Partnership will be supported by an officer structure concerned with commissioning the implementation of the activities set out in this proposal. The officer structure will be lean and funded primarily by the five Local Authorities with contributions from other funds for managing and delivering projects and programmes.
11. TVU fully supports the proposal for ANEC/NBF for a North East Economic Partnership which we consider will carry out activities concerned with the delivery of BIS services which can be best delivered on a NE wide basis. Our LEP proposals are entirely complementary with this proposal. We will continue to liaise closely with neighbouring LEPs in Durham and North Yorkshire.

12. The key outcome we want to achieve is for the Tees Valley to be a world-class centre for the low carbon economy able to compete effectively with our competitors in Europe, the Middle and the Far East. As a start we need to ensure that the £8 billion pipeline of inward investment takes place. We also need to complete the regeneration of our main town centres and poor housing areas in the Tees Valley. The outcomes we think we can realistically achieve over the next 15 years are:
- Increase our gross value added (GVA) per head from its current level of 75% of the national average to 82%;
  - Increase our employment rate (currently 67.7%) to the national average (currently 72.9%);
  - Create 1,000 new businesses over the existing trend; and
  - Increase the number of people with higher level skills by 5%.

The final outcomes will be set out in our Local Investment Plan produced at the end of October.

13. The proposals set out here are in full accord with the Government's programme for devolution, localism and the leadership and engagement of the business community. A strong partnership locally working with national Government will maintain the momentum for economic growth. We believe our proposals for a Tees Valley Local Enterprise Partnership offers a truly localist approach to driving private sector growth in the Tees Valley and we look forward to working with Government to help develop the role of LEPs.

# *Tees Valley* *unlimited*



## **Tees Valley Unlimited**

PO Box 199  
Melrose House  
Melrose Street  
Middlesbrough  
Tees Valley  
TS1 2XF

Tel: 01642 524400

Fax: 01642 524468

E-mail: [tvu@teesvalleyunlimited.gov.uk](mailto:tvu@teesvalleyunlimited.gov.uk)

Web: [www.teesvalleyunlimited.gov.uk](http://www.teesvalleyunlimited.gov.uk)

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