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TEES VALLEY CITY REGION FORERUNNER PROPOSAL

Tees Valley Unlimited (TVU) the public, private and voluntary sector partnership charged with preparing and coordinating plans to develop the area's economy has signed a "Multi Area Agreement" (MAA) with Government. The Tees Valley MAA is one of only seven partnerships across England to be signed off by Government on 14 July 2008. Since the signing in July 2008 a further three MAAs have been signed off in January 2009.

What next – A City Region Forerunner?

TVU is delighted to have achieved the MAA. However, it is really only one step in a series of discussions with Government. TVU was extremely pleased to see Government's continued commitment to City Regions in the Pre Budget Report, followed by the invitation to submit a City Region Forerunner proposal.

Government wishes to agree, on a voluntary and tailored basis, a set of devolutionary proposals with local authorities in city regions (in at least two areas – to be announced in the Budget on 22 April 2009), to increase further their ability to drive economic growth and contribute to sustainable development.

The City Region Forerunner offers the potential to build on the Tees Valley MAA. It potentially offers the opportunity to substantially reduce bureaucracies and create efficiency savings through simplified processes and local decision making. This will enable economic development, regeneration, housing and transport schemes to be delivered more effectively.

The Tees Valley City Region Forerunner Proposal

Tees Valley Unlimited submitted the proposals for the Tees Valley City Region Forerunner on 6 March 2009. The proposal demonstrates that TVU is a strong, mature and robust partnership. This is evidenced by the fact that the submission was made by TVU – the five Tees Valley local authorities, the regional bodies (One NorthEast, the Homes and Communities Agency, the Learning and Skills Council, Jobcentre Plus, Business and Enterprise North East), private sector representative bodies (North East Chamber of Commerce and the CBI) and the individual private sector TVU Board members. The proposal also has the support of Government Office for the North East.

The proposal demonstrates that the area meets the City Region Forerunner Threshold Criteria and demonstrates a strong case within the Ranking Criteria. The summary of the case and proposals is detailed below.

Why Tees Valley City Region?

The Tees Valley City Region area comprises the five Tees Valley local authority areas (Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees) and is a contiguous, functional economic area with real potential for delivering economic prosperity and growth. This is acknowledged in several studies and strategies, including the Northern Way and the Regional Economic Strategy as well as the Regional Spatial Strategy which aims to enable the continued acceleration in economic performance. This ambition has been demonstrated in the Tees Valley City Region Business Case and reinforced in a suite of documents which have culminated in the development of the Tees Valley Multi Area Agreement (MAA) which was signed off by Government in July 2008.

Tees Valley is one of the UK's economic powerhouses with real potential to be at the forefront of the industrial activism that is needed to fight our way out of the recession.

Tees Valley contributes £9.6 billion to the UK economy and is based on the largest integrated heavy industrial complex in the United Kingdom. We are not reliant on the financial and business services sector. We have world class sectors with real growth potential, even in the current economic conditions:

- The **petrochemical cluster** at Wilton, Billingham and Seal Sands is the largest integrated chemical complex in the United Kingdom in terms of manufacturing capacity and the second largest in Europe. It contributes £3.5 billion to the UK economy and 70,000 jobs in the UK depend on it. 60% (approx. £15 billion) of the UK chemical exports are from Tees Valley.
- The Teesside Power Station is one of the world's largest Combined Cycle Gas Turbine combined heat and power plants producing 1875 megawatts of electricity. In addition, the Biofuels Corporation operates the world's largest biodiesel plant and Ensus are constructing the Europe's largest bioethanol plant at Wilton using locally grown wheat. There is a further £4 billion of investment programmed in the next 5 years in energy, biofuels and petrochemicals.
- The Redcar **Steel** Complex, one of the three main producer sites in the UK has secured long term contracts with international partners to supply 3.4 million tonnes of slab per year for export.
- **Teesport**, the third largest port in the United Kingdom, handles 10% of all UK traffic. Oil and gas based chemicals, iron ore import, coal imports and steel exports account for 75% of its trade. Planning permission has been granted for a major deep sea container

- terminal of national importance. Walmart have opened and Tesco will open a major import centre employing 1000 people.
- A **strong biotechnology** sector based on Avecia and Johnson Matthey.
- A **world class engineering** design and plant maintenance industry employing over 5,000 people including companies like Cleveland Bridge, AMEC, Aker Solutions, Whessoe, Heerema, Corus Tube and K Home Engineering.

The overall ambition of TVU is to develop the Tees Valley economy faster than the UK economy, thus narrowing the gap in Gross Value Added. To achieve this business and enterprise are absolutely crucial.

TVU wants to ensure that the infrastructure is in place to enable businesses to invest, locate and grow in Tees Valley. This means ensuring that we have the right physical conditions (quality of place, modern and efficient communication networks, housing that meets today's expectations, quality town centres, public spaces and leisure and visitor facilities) and the right people (job ready, skilled employees to meet businesses needs for now and the future and entrepreneurs to establish and grow indigenous businesses).

TVU welcomes the opportunity to discuss and work with Government to develop new and innovative approaches to supporting and developing the Tees Valley economy. We recognise that some of what we propose is difficult and challenging for Government, particularly in the current economic climate. The proposals represent new ways of working for TVU, its partners and Government.

Our Proposals to Government

Our proposals are focussed on removing barriers to growth through greater efficiency and effectiveness of funding mechanisms and commissioning with developed and accountable governance arrangements.

In the short term we would wish to:

- A. establish an ongoing senior level dialogue with Government on matters relating to our aim to accelerate the economic performance of the city region and remove barriers to growth;

Manage all resources that go into economic development and regeneration, housing and transport to achieve the economic potential of Tees Valley through:

- B. having a greater level of certainty of funding;
- C. developing joint investment planning leading to a single capital programme;
- D. work towards local approval of RDA and HCA funds;
- E. having the ability to reinvest efficiency savings locally;
- F. implementing the Tees Valley Housing Market Recovery Programme.

Ensure that businesses have the necessary skills and talent to achieve their growth potential and to ensure that individuals can positively contribute to economy and have a better quality of life through:

- G. developing an Employment and Skills Board with formal powers to influence DWP contracts, moving quickly to co-commissioning contracts and Section 4 powers; and
- H. developing a Business and Enterprise Board with formal powers to influence the provision of business support in Tees Valley.

In the medium to longer term we would:

- I look to develop increased statutory responsibility for strategic transport issues; and,
- J further develop the Employment and Skills Board with devolved powers from DWP to commission activity.

Future Governance Arrangements

The area already works very effectively on a voluntary collaboration basis and has delivered significant programmes for regeneration. Many of the projects within these programmes have included joint delivery with the private sector. But our ambitions for a strong working relationship with the private sector are not limited solely to the delivery of activity. They go way beyond this, by looking to build upon existing governance arrangements for the development of plans and strategies towards developing even stronger, more effective and meaningful mechanisms of business engagement. What we are striving for is a real engagement which is of benefit to both the private and public sector in all aspects of our regeneration activities.

TVU acknowledges that in order to gain some of the flexibilities from Government that it might be necessary to move to more statutory arrangements. TVU is committed to move in this direction if Government is in a position to agree and deliver some real benefits through the flexibilities, powers and functions detailed in our proposals.

We feel that we have the capacity and creativity and most importantly a desire to remove barriers and solve problems. If any area of the country is ready to test some new ways of working it is Tees Valley. We have demonstrated our long track record of joint and collaborative working, and with an economic base that is weathering the current economic challenges, believe we offer real growth opportunities for the future.

What we will deliver for Government

With the flexibilities proposed in this submission we will be in a position to ensure that Tees Valley continues to be a driver of regional and national growth. We will achieve this by accelerating the pace of delivery and improvements to the infrastructure that are needed to support the growth of petrochemicals, energy, steel, the Port and port related businesses, biotechnology and advanced engineering clusters which make Tees Valley an economic powerhouse. We will achieve significant improvements in:

- GVA, through
- increased employment,
- significant reductions in people receiving out of work benefits; and
- increasing the UK's ability to capture and grow business investment in UKplc.

In short Tees Valley should be one of Government's City Region Forerunners.

For further details please contact:

*Linda Edworthy
Senior Assistant Director (Corporate Support)
Tees Valley Joint Strategy Unit
PO Box 199
Melrose House
Melrose Street
Middlesbrough
Tees Valley
TS1 2XF*