

Date: 30 January 2009

TEES VALLEY MULTI AREA AGREEMENT / PBR CITY REGION PILOT

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.

Why an MAA?

Over a number of years of building effective partnership working the area has developed a clear, long term strategy for the area's economy based on:

- enhancing our existing economic assets
- improving our urban competitiveness through enhancing the quality of place

Investment Plans have been prepared for the activity required to deliver the Strategy and to secure the external funding required. TVU knows exactly where it wants to get to and how to get there.

However, as with many sources of external funding and ways of working within the public sector there are bureaucracies that get in the way and slow up the delivery of activity. The MAA approach enables partnerships of two or more Local Authorities working with the appropriate local, regional and national partners to ask Government to reduce the bureaucracies that inhibit the effective delivery of economic development and regeneration activity designed to boost the area's economic performance.

The MAA is not an additional source of funding. It is a mechanism to help deliver the area's economic development and regeneration priorities earlier than would otherwise have been the case, and in a more effective way.

What has been agreed?


One key area of TVU activity is in the development of physical infrastructure that is required to facilitate private sector investment in the area. This includes: regeneration activity such as; town centre development, business space and cultural facilities;

ensuring that the housing offer meets current expectations; and the provision of effective and reliable transport provision. TVU's strategies and investment plans for these activities are well developed and have formed the basis of the MAA. TVU has identified several aspects of the processes around each of the three capital programmes (regeneration, housing and transport) which cause delays and inefficiencies thereby slowing up the progress that can be achieved.

Through a series of negotiations with Government, Government has agreed to:

- the development and use of a common appraisal system for projects within the capital programmes to avoid duplication where projects require funding from more than one programme – by March 2009
- through the development of legislation enable One NorthEast to delegate funding on a programme basis to TVU – by March 2010
- enable TVU to move funding within capital programmes and from one programme to another to meet the needs and opportunities that arise whilst achieving the outcomes of the individual programmes over the agreed period – by March 2009 (with restrictions removed on the use of One NorthEast funding by March 2010)
- enable TVU to bring forward or delay up to 10% of its Housing Market Renewal funding in any given year covered by the CSR07 settlement – from September 2008
- discuss further the possibilities for greater certainty of funding for the three main capital programmes over a five year period
- discuss further the principles of sharing cost savings arising from the new ways of working
- consider the development of a duty for national and regional agencies (such as the Homes and Communities Agency, the Health and Safety Executive and the Highways Agency) to participate with the MAA and to bring Network Rail to the table.

In return TVU will:

- deliver a broad programme of strategic investment priorities
 - manage the programme against the confirmed and anticipated funding envelopes; and
 - deliver the outcomes set out across the area.
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What is included in the capital programmes?

The regeneration programme, funded through One NorthEast will focus on the three spatial priorities, namely:

- Darlington Gateway
- Stockton Middlesbrough Initiative; and
- Coastal Arc

The housing activity will concentrate on Housing Market Renewal in:

- North Central Hartlepool;
- Gresham, Middlesbrough;
- South Bank Renewal Area; and
- Parkfield, Stockton

The transport programme includes:

- “Tees Valley Bus Network Improvements”
- assessing the potential for a rail-based “metro” scheme
- work to identify the highway network requirements to support the regeneration and growth that is taking place in the area.

What role do the Local Authorities play in TVU and the MAA?

The local authorities as the democratically elected bodies play a key role in TVU, the development of the strategies and the investment plans for the area and the delivery of the strategies and investment plans. Whilst the combined partnership of public, private and voluntary sectors develop the strategies and investment plans and have developed the MAA at each stage in the process each of the five Borough Councils individually signs up to the strategy, investment plan and the MAA. Without the agreement of each of the local authorities the plans would not progress. This ensures that there is no democratic deficit in the process. Additionally, many of the capital schemes will be delivered by the local authorities.

What next – A Pre Budget Report City region Pilot?

TVU is delighted to have achieved the agreement detailed above. However, it is really only one step in a series of discussions with Government. There are still other areas of process and financial arrangements where TVU believe there are still further improvements that can be made in relation to the regeneration, housing and transport capital programmes.

For example, TVU would like to be able to retain any cost efficiencies achieved through these new approaches to be shared locally and invested in further economic

development and regeneration activity rather than all being returned to the programme sponsor e.g. Department for Transport.

Also, since signing the MAA Government has issued its response to the Sub National Review and legislation will now not enable RDAs to delegate funding.

In addition, TVU has not forgotten the vital links between physical regeneration and people based activity. The current MAA does not include people based activity such as skills, addressing worklessness and encouraging and enabling enterprise. TVU is currently developing its strategies to address these issues.

TVU has submitted to Government an Expression of Interest in becoming one of the pilot City Regions that were announced in the Pre Budget Report in November 2009.

The pilot offers the potential to build on the Multi Area Agreement. 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.

We would wish to develop a new agreement with Government that would include initially:

- a joint board between the city region, the Homes and Communities Agency and the Regional Development Agency (One NorthEast) to provide strategic direction of housing, economic development and regeneration spending; and
- joint investment planning with key partners, including greater flexibility over capital funding to support the more effective programme management of projects. TVU would initially wish to pursue a single capital programme with a long term funding commitment (on the 3+2 years principle) and in the medium term real delegation of funding (i.e. local approval of projects within the investment plan).

Medium - longer term TVU would also wish to consider:

- a city region Employment and Skills Board, with strong employer representation and formal powers to influence provision in line with employer demand; and
- increased statutory responsibilities for strategic transport issues in accordance with the recently published guidance on transport governance.

The authorities are currently working together with regional partners to develop the full proposal for submission to Government by the deadline of 27 February 2009 and will be discussing the detail with Government in advance of making the submission. Government is expected to announce the successful pilots in the next Budget (March / April 2009).