

LEADERSHIP BOARD

**Meeting to be held in the Claxton Room, Wynyard Rooms at 2.30 pm on
Wednesday 12th January 2011**

INVITEES

Sandy Anderson	Chair
Councillor John Williams	Leader, Darlington BC
Stuart Drummond	Mayor, Hartlepool BC
Ray Mallon	Mayor, Middlesbrough BC
Councillor George Dunning	Leader, Redcar & Cleveland BC
Councillor Bob Cook	Stockton BC
Alison Thain	Board Member of One NorthEast and Chief Executive, Fabrick Group
Alastair MacColl	Chief Executive, Business and Enterprise North East
Professor Graham Henderson	Vice-Chancellor, Teesside University
Martyn Pellew	Chair, Tees Valley Committee, Chamber of Commerce and Business Development Director, PD Ports
Paul Booth	President, SABIC UK Petrochemicals
David Curtis	Homes and Communities Agency
Naomi Charlton	One NorthEast
Les Southerton	Interim MD, Tees Valley Unlimited
Stephen Catchpole	Managing Director, Tees Valley Unlimited
John Lowther	Tees Valley Unlimited
Linda Edworthy	Tees Valley Unlimited
Jonathan Spruce	Tees Valley Unlimited

OBSERVERS

Sarah Johnson

Tees Valley Unlimited

LEADERSHIP BOARD

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Wednesday 12th January 2011**

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|---|---|--------|----------------------|
| 1 | Chair's Welcome and Introductions | | Sandy Anderson |
| 2 | Apologies | | |
| 3 | Conflicts of Interest | | |
| 4 | Minutes of previous meeting | | |
| 5 | Matters Arising | | |
| | ITEMS FOR
DECISION/DISCUSSION | | |
| 6 | Tees Valley Unlimited Governance
and Engagement Arrangements | Report | Stephen
Catchpole |
| 7 | Statement of Ambition – consultation
outcomes | Report | Linda Edworthy |
| 8 | Any Other Business | | |
| 9 | Date of next meetings | | |
| | • 9 March 2011 | | |
| | • 8 June 2011 | | |

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Introduction

1. Tees Valley Unlimited (TVU) Board Members should act impartially and should not use their position on TVU to further their personal or private interests. It is therefore good practice to have, and One NorthEast requires, TVU to have a set of clear procedures for dealing with any conflicts of interest, which may occur during business, whether at the Leadership Board, the Executive or the Sub Boards.
2. The purpose of this note is to advise TVU Board Members what is meant by a “conflict of interest” and to set out procedures for dealing with such conflicts if they occur.
3. Board Members, who are also elected members or co-opted members of one of the Tees Valley Local Authorities, will have signed an undertaking to adhere to a Model Code of Conduct, issued under section 50 of the Local Government Act 2000, and adopted by their authority. Within that Code are requirements relating to the declaration and registration of personal non-prejudicial and personal/prejudicial interests. Local Authority members should have regard to all the requirements of the Model Code when representing their authority on TVU Boards.

Definition

4. A conflict may be defined as an interest in any TVU business which relates to or is likely to affect the financial, commercial, professional or personal interests of an individual member, their relatives, close associates, employer, any firm in which they are a partner, any company of which they are Directors, or the organisation they are representing on TVU.
5. An example of a conflict of interest could be a business representative influencing a decision that will be of financial benefit to that members business or another business that they have an interest in.
6. The responsibility for declaring an interest and for withdrawal from the meeting room and not improperly influencing a decision on a partnership matter rests with the individual Board Members.

Basic Principles

7. In conducting its business, TVU requires all partner organisations, and their representatives, to act in the overall interests of TVU and its schemes.
8. Partners should accept a collective responsibility for the effective delivery of the funding programmes, which over-rides any individual interests (corporate or personal).
9. Partners should declare an interest when involved with partnership business and act at all times in good faith, in the best interest of the schemes and the local area.

Procedures

10. In conducting TVU business, the following procedures will be applied:
 - (i) A standing item, regarding conflicts of interest, will be included on each agenda at the start of TVU meetings. All members should declare the existence and nature of any interests at this point. Details of the declaration will be recorded in the Board's minutes. If members arrive part way through a meeting they should declare any interest at the start of the relevant item or as soon as it becomes apparent that they have an interest;
 - (ii) TVU will maintain a register of such declared interests, detailing the nature and extent of such an interest;
 - (iii) Where a conflict of interest occurs, the Board member should withdraw from the meeting room whilst the relevant business is being considered / determined and, must not vote or otherwise improperly influence decisions on that business;
 - (iv) In respect of collective decisions, such as partnership quarterly grant claims or the approval of annual delivery plans, partnership members should consider the issues in respect of the *other* elements of the schemes and not their own projects or interests. *In practice, this means that within the context of an overall scheme decision, members should vet each other's claim or submission.*

In the case of Local Authority Board Members they should consider whether they have a personal non-prejudicial or personal/prejudicial interest in any matter, as defined in the Model Code of Conduct for Local Authority Members. Where a member has a prejudicial interest in a matter they should leave the meeting room and must take no part in the discussion or voting on the business concerned.

If partnership members require further advice on conflicts of interest, they should contact **Linda Edworthy, Senior Assistant Director (Corporate Support) at the Tees Valley Joint Strategy Unit (01642) 264908.**

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LEADERSHIP BOARD

**Meeting held at Cavendish House, Stockton
at 2.30pm on Tuesday 9th November 2010**

ATTENDEES

Sandy Anderson (SA)	Chair
John Williams (JW)	Leader, Darlington Borough Council
Ken Lupton (KL)	Leader, Stockton on Tees Borough Council
Ray Mallon (RM)	Mayor, Middlesbrough Borough Council
Stuart Drummond (SD)	Mayor, Hartlepool Borough Council
George Dunning (GD)	Leader, Redcar & Cleveland Borough Council
Alison Thain (AT)	Board Member One North East and Chief Executive, Fabrick Group
Prof Graham Henderson (GH)	Vice Chancellor, Teesside University
Alastair MacColl (AM)	Chief Executive, Business and Enterprise North East

APOLOGIES

Paul Booth	President, SABIC UK Petrochemicals
Martyn Pellew	Business Development Director, PD Ports
Ada Burns	Darlington Borough Council-Chief Executive Officer
Paul Walker	Hartlepool Borough Council – Chief Executive Officer
John Lowther	Tees Valley Unlimited

OBSERVERS

Malcolm Page (MP)	Deputy Chief Executive, One NorthEast
Tom Warburton (TW)	Homes and Communities Agency
Amanda Skelton (AS)	Redcar & Cleveland Borough Council

Ian Parker (IP)	- Chief Executive Officer Middlesbrough Borough Council – Chief Executive Officer
Neil Schneider (NS)	Stockton on Tees Borough Council- Chief Executive Officer
Linda Edworthy (LE)	Tees Valley Unlimited
Stephen Catchpole (SC)	Tees Valley Unlimited
Les Southerton (LS)	Tees Valley Unlimited
Sarah Johnson (SJ)	Tees Valley Unlimited

Action

1. CHAIR'S WELCOME

The Chair (SA) welcomed attendees to the meeting and introduced Stephen Catchpole who had been recently appointed as the Managing Director of Tees Valley Unlimited.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF THE MEETINGS ON 10TH JUNE 2010 AND 25TH AUGUST 2010

The minutes of the meetings held on 10th June 2010 and 25th August 2010 were agreed as a true record.

4. MATTERS ARISING

It was noted that Martin Donnelly had been made permanent secretary at the Department for Business. The Chair had written to him and he would be visiting the Tees Valley.

It was noted that the proposed TVU Conference had not taken place in October. The Chair informed the Board that it was not proposed to hold a Conference as it was considered that this would not be in keeping with the current financial environment.

It was informed that work on the North/South Tees Study was under way.

RESOLVED that the information be noted.

5. TEES VALLEY LOCAL ENTERPRISE PARTNERSHIP

The Board considered a report that provided an update with progress on the Local Enterprise Partnership (LEP). The Government had approved the Tees Valley LEP proposal as

one of 24 LEPs in the country. Details on the role of LEP's was given as set out in the Local Growth White Paper.

The Board made the following comments:-

- It was important to ensure links were made with the proposed LEP for the rest of the region and also the North East Economic Partnership (NEEP).
- A degree of collaboration and considering resource options would be needed to help deliver the LEP.
- It was critical to ensure that early submissions to the Regional Growth Fund (RGF) were successful.

The Board was informed that there were a number of priorities in order to take the Tees Valley LEP forward:-

- Engagement with board members and the business community on the priorities of the Tees Valley LEP and on the methods of business engagement.
- Preparation of the Regional Growth Fund bids by the 21st January 2011.
- Continuing the process of setting up the new organisational and governance structure for TVU.
- Preparing a business plan to identify a work programme for the Tees Valley LEP.
- Discussions with Government on how to implement the LEP over the coming months.

RESOLVED that the information be noted.

6. TEES VALLEY ECONOMIC AND REGENERATION INVESTMENT PLAN AND THE REGIONAL GROWTH FUND

The Board considered a report that detailed progress on the development of the Tees Valley Economic and Regeneration Investment Plan. It set out proposals for prioritising those projects that would deliver the Tees Valley Statement of Ambition in the context of the new Regional Growth Fund and the significant reduction in Homes and Communities Agency funding over the period to 2014/15.

Details were given of the proposed process and timetable for completion of the plan and of the suite of documents that were being prepared as part of the Investment Plan, The core principles which should underpin a Tees Valley bid to the Regional Growth Fund were also outlined.

The following comments were made:-

- The economic impact of housing schemes should not be underestimated and consideration should be given to applying prioritisation criteria 5 to housing.

- It was important to ensure that the business community understands the role of the LEP and the ways in which it can assist and add value to private sector bids to the RGF.

The Board was given details of the next steps to finalise the Investment Plan and develop the RGF bid over the coming weeks.

RESOLVED that:-

1. Progress to date on the preparation of the Economic and Regeneration Investment Plan be noted;
2. The process for final prioritisation of those projects which would require public sector funding support through the Regional Growth Fund and Homes and Communities Agency be endorsed;
3. The approach to the development of the Regional Growth Fund bid be endorsed; and
4. Early clarification from Government be sought on various matters raised by the RGF guidance.

7. REGIONAL GROWTH FUND AND OTHER ANNOUNCEMENTS FROM THE WHITE PAPER AND CSR

Consideration was given to a report that detailed a number of proposals in the Comprehensive Spending Review, the Local Growth White Paper and the details of the Regional Growth Fund and their implications for the work of Tees Valley Unlimited.

The Board discussed the importance of ensuring that the Regional Development Agency assets are kept in the region. It was commented that it would be useful to demonstrate why the assets are important to the region and link this with the Investment Plan.

RESOLVED that the information be noted.

8. NORTH EAST ECONOMIC PARTNERSHIP

The Board considered a report on the North East Economic Partnership. It was noted that over the last two weeks the Association of North East Councils (ANEC) and the National Business Forum (NBF) had pursued further the development of the concept of a North East Economic Partnership. In addition a letter from BIS encouraging joint working with NEEP

had also been received. The Board was given details on progress and a series of issues which had arisen out of the process. It was noted that the Tyne and Wear authorities, Northumberland and Durham were now proposing one LEP for the rest of the region.

The following comments were made:-

- The NEEP should be established as soon as possible.
- A co-ordinated approach towards assets was needed with other regions.
- A forum for the LEP's would be useful.

It was noted that Chief Executives had considered the draft NEEP proposals at their meeting last month. The Board was asked to endorse the recommendations that had been put forward to ANEC setting out the key principles that the NEEP needs to follow.

RESOLVED that the Leadership Board endorses the following recommendations:-

1. The Tees Valley authorities support the North East Economic Partnership as a vehicle for managing the joint asset backed vehicles currently managed by One NorthEast, overseeing the Access to Finance programme, dealing with legacy funds from JEREMIE and ERDF Business Investment Funds, the management of ERDF and the development of a JESSICA proposal for the NE.
2. Any proposal for the NEEP to deal with inward investment and innovation must show added value.
3. The relationship between the NEEP and LEPs should not be hierarchical but be a partnership of equals.
4. Local Enterprise Partnerships should have a direct relationship with BIS and not solely through NEEP.
5. Part of the revenue income from the joint property ventures should also be used to fund LEPs.
6. The governance proposals for NEEP should be transparent. The LEPs should be represented directly on the NEEP Board to ensure a close working relationship between the NEEP and the LEPs.
7. The Tees Valley authorities expect to be fully involved in the processes of setting up NEEP.

9. TEES VALLEY UNLIMITED TRANSITION PROJECT

The Board considered a report that provided a brief update on progress with the Tees Valley Unlimited transition project. Updates were provided on senior staff appointments, Phase 1 and Phase 2 restructuring, the transition plan, the TVU budget and governance arrangements.

It was expected that staff structures, the TVU budget and governance arrangements would be presented to the Project Board on 29th November.

RESOLVED that the information be noted.

10. ANY OTHER BUSINESS

The Board discussed the following items:-

- The proposal to introduce a £6 charge for passengers using check in at Durham Tees Valley Airport.
- The structure of the Board would be need to be considered in order to ensure it was appropriate to the needs of the LEP.

RESOLVED that the information be noted.

11. DATE OF NEXT MEETING(S)

- 8 December 2010
- 9 March 2011
- 8 June 2011

Report of: Managing Director

Report to: Tees Valley Unlimited Leadership Board

Date: 12th January 2011

Subject: Tees Valley Unlimited Governance and Engagement Arrangements

SUMMARY

1. Since February 2010, a Project Board has been supervising a review of governance and staffing structure for Tees Valley Unlimited (TVU) to ensure that the partnership and its support mechanisms are appropriate given the recent and ongoing changes in local, regional and national government.
2. The findings of the review were reported to the TVU Leadership Board on 10th June 2010 and the recommendations were accepted. One of the main recommendations was that the existing TVU sub-boards should be replaced by a structure that maximises engagement with key stakeholders and provides innovative but practical ways of securing economic growth.
3. Since the June meeting, detailed work has taken place on governance and staffing aimed at retaining the ethos of a streamlined organisation whilst ensuring partners are engaged at the right time and on the really important issues and that the Leadership Board is supported.
4. The announcement in October that TVU is to be one of the first Local Enterprise Partnerships (LEPs) adds to the need to ensure that its arrangements for governance and engagement are fit for purpose.
5. This paper provides proposals to take forward a process for selection of new members of the Leadership Board, the creation of an Investment Board and the establishment of a more appropriate structure for engagement with key stakeholders including the business community.
6. The intention is to present this paper to the Project Board at its meeting on 11th January. As it would be very advantageous for TVU to secure

formal Government recognition as a LEP prior to consideration of Round 1 bids, it will be necessary to submit this paper to the meeting of the Leadership Board on 12th January 2011 (this date has been fixed to allow for consideration of Round 1 Regional Growth Fund bids). As a result of this tight timescale, this paper will also be submitted to the following meetings: TVU Governance Sub Group on 4th January 2011, Leaders and Mayors on 7th January 2011 and Directors of Regeneration on 12th January 2011.

1. INTRODUCTION

1.1 Since February 2010, a Project board has been supervising a review of governance and staffing structure for Tees Valley Unlimited (TVU) to ensure that the partnership and its support mechanisms are appropriate given the recent and ongoing changes in local, regional and national government.

1.2 The findings of the review were reported to the TVU Leadership Board on 10th June 2010 and the key recommendations were that:

- TVU continue as a public private partnership
- A new Investment Board be established to develop and manage the integrated Economic and Regeneration Investment Plan
- Task and Finish Groups replace the existing sub-boards

These recommendations were accepted by the Leadership Board.

1.3 Since then detailed work has taken place on governance and staffing aimed at retaining the ethos of a streamlined organisation whilst ensuring partners are engaged at the right time and on the really important issues and that the Leadership Board is supported.

1.4 The announcement in October that TVU is to be one of the first Local Enterprise Partnerships (LEPs) adds to the need to ensure that its arrangements for governance and engagement are fit for purpose.

2. TVU'S LEGAL STATUS AND THE LEADERSHIP BOARD

2.1 TVU is a public/private partnership with no separate legal status. This means that it cannot undertake activities such as owning or holding land or entering into contracts without receiving delegated authority to do so from its local authority partners. Whilst this does not present a problem currently it may need to be revisited when it becomes clearer what freedoms and flexibilities the Government is prepared to allow to LEPs. In particular, the question of retention of assets currently held by the RDA within the area could lead the partners to consider holding some of them within the LEP if this is deemed to be advantageous. It is recommended that no change in status of TVU be undertaken at the present time but be kept subject to review depending upon Government policy.

2.2 The Leadership Board comprises the five Leaders and Mayors and six representatives of other organisations and this membership has remained unchanged since the organisation was established in 2007. Sandy Anderson is the Chair having taken over from Hugh Lang in 2009.

2.3 The Government has stated specifically that any LEP's Leadership Board should have representation from both the public and private sectors and that it should have an independent private sector chair.

- 2.4 TVU was the only prospective LEP that was able to provide the Government with the membership of its Leadership Board. However this advantage was lost to a degree by indicating to the Government that the membership/governance arrangements were to be reviewed. Not surprisingly, the Government has decided to withhold formal recognition of TVU as a LEP until it sees the results of this review. It would seem to be of great advantage were TVU to be formally recognised as a LEP by the Government by 21st January or shortly thereafter in time for consideration of Round 1 Regional Growth Fund bids.
- 2.5 As a result of this, TVU needs to find a pragmatic solution that meets the Government's requirements but does not involve significant delay in being achieved which wholesale changes to the Leadership Board would involve.
- 2.6 Any future make-up of the Board must include the Leaders and Elected Mayors to maintain a strong link to local democratic accountability.
- 2.7 With regard to the remaining Leadership Board membership there is a need to get the balance right between private sector members and other important stakeholders such as the Universities and Third Sector.
- 2.8 It is important when considering the Government's requirement that LEPs must be business-led to differentiate between Board membership and effective engagement that results in the business community influencing/leading TVU to draft and implement policies/strategies that will improve the local economy. In reality most business leaders would rather influence activities than sit on a Leadership Board. At this stage it is recommended that the Government be told that the existing Leadership Board are to remain in place to oversee the Round 1 and 2 RGF bidding process and the initial work of the LEP.
- 2.9 Nevertheless it is important that TVU adopt a process that will enable it to deal with vacancies as they arise and refresh the private sector membership of the Leadership Board. Such a process should be transparent using advertisement for prospective members and a selection panel to be agreed by the Board. Board appointments should be for a finite period of time (3 years is suggested) although members may put themselves forward for another term. Members' tenure should be staggered to ensure stability and for an orderly succession process to take place.
- 2.10 Identification of the Chair in future should follow a similar process albeit that members of the Board can decide to put themselves forward. In these circumstances the Panel would comprise the Deputy Chair and up to two other Board members who are not putting themselves forward for the position of Chair. It is recommended that the appointment be for a period of 3 years with the possibility of extension for a further period. Given the extent of input required from the Chair consideration needs to be given as to whether some level of remuneration should be offered. Whilst the exact relationship

between the two North East LEPs and the further relationship of each of these with the North East Economic Partnership (NEEP) has yet to be established it is likely that the Chair will be required to attend formal meetings of the NEEP. At executive level it is likely that an informal working group of the three Managing Directors (2 LEPs and NEEP) will come into being to discuss matters of common interest and activity.

- 2.11 The position of Deputy Chair should be formalised with this appointment being filled by one of the Leaders/Mayors by rotation on an annual basis. Such appointment to be agreed at the first Leadership Board meeting at the start of each financial year.

3. INVESTMENT BOARD

- 3.1 The role of the Investment Board is to oversee the preparation and implementation of the Tees Valley Economic and Regeneration Investment Plan to ensure that the appropriate activities are delivered to achieve the Statement of Ambition.

- 3.2 Much has changed since the Leadership Board discussed the formation of the Investment Board, including the demise of RDAs, the significant reductions in public sector funding and the organisational changes which are still emerging in relation to Government Departments and agencies and their associated funding programmes. However, the underlying principles for the Investment Board remain the same. Detailed terms of reference have been developed for the Investment Board and are attached as Appendix 1. These will need to be refined as some of the ongoing changes become clearer and as we discuss in detail with Government, through the LEP engagement, the potential for delegation of funding programmes and the transfer of the management of economic development and regeneration assets currently held by Government agencies. The latter in particular, could require more fundamental changes to the legal status of TVU as referred to earlier in this paper.

4. STRUCTURE FOR BETTER ENGAGEMENT

- 4.1 When set-up in 2007, TVU included the following 5 sub-boards:

- Planning and Economic Strategy
- Transport for Tees Valley
- Employment and Skills
- Tees Valley Living
- VisitTeesValley

- 4.2 The first three of these were new arrangements, trying to bring together all interested parties whilst the latter two were existing arrangements brought under the TVU banner.

- 4.3 The 5 sub-boards all operated in different ways and brought some significant benefits acting as a unified Tees Valley voice to regional and

- national government, preparing funding applications and business cases and acting as a forum for open discussion.
- 4.4 On the other hand, there were significant issues highlighted through the TVU review concerning too much bureaucracy, lack of real debate and lack of links to Leadership Board.
 - 4.5 This gave rise to a recommendation that the arrangements should be replaced with a new streamlined structure involving standing advisory panels and more specific Task and Finish Groups.
 - 4.6 Before proceeding with this recommendation it would be helpful perhaps to revisit the purpose behind the structure i.e. why do they need to exist, what are they expected to achieve and who should be asked to sit on them.
 - 4.7 The Government has indicated that it expects LEPs to drive forward integrated strategies for economic development, business support, employment and skills, housing and transport in their areas. These areas have been covered by existing sub-boards and given that several months have elapsed since the announcement that these would be revised some speedy progress needs to be demonstrated.
 - 4.8 As a result it is suggested that the opportunity to capitalise on work that is already happening in terms of research by the existing groups should be taken. Housing, Transport and Employment and Skills sub-boards should be asked to look at what issues are likely to need to be addressed and who are the key stakeholders best placed to address them over the next 12 -24 months. This could then form the basis of deciding what engagement process would be most appropriate for these areas of importance and who should be approached to assist TVU in its tasks. Angela Lockwood is already looking at this for Housing and Jonathan Spruce should be asked to conduct a similar exercise for Transport with Linda Edworthy doing the same for Employment and Skills.
 - 4.9 This piece of work should be tasked to finish by the middle of February with a view to implement new arrangements in April 2011. Until such new arrangements are implemented it would be sensible to continue with the existing sub-boards subject to their agreement to this.
 - 4.10 In terms of helping to deliver the ambition of a high value low carbon economy, one of the key drivers is the North and South Tees Industrial Development Framework. In August 2010 an inaugural meeting of a group designated to oversee the implementation of the Framework was set up with Paul Booth as Chair, focussed terms of reference and a six months work programme. This group includes key public and private sector representatives and should be endorsed as an important element of the new structure of engagement/delivery. It may be that this group would be able to advise on all issues relating to the move to a low carbon economy or alternatively there may be a need to engage with a wider group of stakeholders. This issue should be a matter for

discussion at an early meeting of the North and South Tees Project Board.

- 4.11 The TVU Review indicated that a senior TVU officer either the Managing Director or one of the two new Directors posts should attend to provide the link between the work of the groups and TVU's remit on economic development. In addition each group should set out its key priorities for the forthcoming six months period and report on progress achieved back to the Leadership Board through the Chair of the group or lead director. The Leadership Board may find it helpful to focus on the work of a group at one of its regular meetings, particularly if it is judged that its success is critical to delivery of the TVU Business Plan.
- 4.12 Perhaps the biggest challenge of all is how TVU can engage effectively with its business community and third sector. Starting with the business community, it is vital that engagement makes the best use of scarce resources.
- 4.13 In terms of engagement with the business representative organisations, TVU is able to attend all Chamber and FSB meetings and speak to a standing item on their agendas. Meetings with NBF and CBI will be arranged on a regular basis to discuss matters of importance and all organisations have been invited to comment on the Round 1 RGF bids. With more time available for Round 2, it is anticipated that the organisations will be more directly involved in the process and of course there is a recommendation in the Appendix to this paper that they all be involved on the Investment Board.
- 4.14 Engagement with businesses more generally can be achieved through meeting sector groups established specifically to influence the LEP such as the recently formed Manufacturing Group and the Business Forum established by the Gazette.
- 4.15 For small businesses, the position is more difficult as has been highlighted by the nature of attendance at some of the recent business events held in the 5 Boroughs. Experience indicates that the most successful of these in terms of attendance by businesses was due to the event being organised by a well-known member of the local business community. Future events of this nature should be encouraged with one every two months and rely upon the private sector taking responsibility for ensuring high levels of attendance by the business community.
- 4.16 Ultimately TVU will be judged by small businesses on its ability to add value. In defining such a test, discussions with the FSB have highlighted the need to create an environment where small businesses can expand and take on another 1 or 2 employees. For TVU to identify the barriers that prevent such expansion and then find ways to overcome them would go a long way to establishing success. FSB have agreed to survey their membership (1000+ members) to produce evidence – based research into the most significant barriers that they face to expansion.

- 4.17 FSB have also suggested that they would arrange meetings on a quarterly basis that would have a small business audience only. In terms of communication, FSB have offered TVU the opportunity to e-mail its members, place articles in its magazine and on its website as well as joint press releases.
- 4.18 Whilst not comprehensive, the above activities will form the basis of an engagement strategy with local businesses that should more than meet Government's and indeed TVU's need to be business-led.
- 4.19 In terms of the third sector, engagement is even more difficult because of the number of organisations involved and fragmentation of the sector itself. Nevertheless a start has been made in setting up a meeting with several umbrella/representative organisations and recommendations from this will be brought before a future meeting of the Leadership Board. However, as a starting point TVU will attend the VCS Forum and speak to a standing item on the agenda.
5. RECOMMENDATIONS
- 5.1 The Project Board is asked to consider this paper and comment as appropriate.

Originator: Stephen Catchpole, Managing Director
Contact Tel: 01642 527091
E-mail: stephen.catchpole@teesvalleyunlimited.gov.uk

APPENDIX 1

TVU INVESTMENT BOARD – TERMS OF REFERENCE

The TVU Investment Board will develop and manage, at a programme level, achievement of the Tees Valley Economic and Regeneration Investment Plan.

It will ensure that a programme or appropriate projects will be developed and delivered to achieve the outcomes and ambitions of the TVU Statement of Ambition.

The Investment Board will do this by:

- Developing the Economic and Regeneration Investment Plan (including all projects whether capital or revenue required, over and above mainstream activity, associated with economic, regeneration, housing and transport) for consideration and approval by the Leadership Board;
- Identifying how the activity and projects can be delivered including identifying appropriate sources of funding, prioritising activity for funding opportunities and where funding is not identifiable consider alternative means of delivery / phasing of activity;
- Developing sub regional funding applications and proposals for funding opportunities identified to support the delivery of the Investment Plan. Initially this will include funding applications and proposals for Regional Growth Funding, ERDF, HCA funding and the Local Sustainable Transport Fund. As other funding programmes are identified that can support the delivery of the Investment Plan the Board will take responsibility on for overseeing the development of sub regional applications to them;
- Overseeing the management of successful sub regional funding applications;
- Developing subsequent revisions to the Investment Plan for consideration and approval by the Leadership Board;
- Considering performance reports on progress against milestones and targets on all the projects and funds included in the Investment Plan;
- Considering where necessary re-profiling within programmes to achieve maximum outcomes for the area;
- Consideration and approval of projects within any funding programmes that are delegated to the TVU Leadership Board;
- Developing with Government an approach to Community Budgets which maximises the investment and use of different funding programmes within the area.

To fulfil these functions the Investment Board will:

- Establish Task and Finish Groups when necessary, for example, for the preparing of funding applications and proposals;
- Delegate to the TVU Programme Group (an advisory group in the new governance arrangements) the overseeing of the detailed delivery of the Investment Plan including reviewing the progress with implementation of key projects, refining priorities, and modifying spending profiles in light of progress with key projects and making recommendations to the Investment Board on such issues.

Delegations from Leadership Board

The Leadership Board will ask the Investment Board to reprofile funding within funding programmes to achieve the maximum outcome and spend.

Reporting to Leadership Board

The Investment Board will report to the Leadership Board quarterly on:

- Performance against the delivery of the Investment Plan and the funding programmes which the Investment Board are overseeing;
- Any new funding opportunities that become available to support the delivery of the Investment Plan and the approach being recommended for TVU in pursuing such opportunities;

Membership of the Investment Board

- The Group will be chaired by a TVU Leadership Board Member, to be identified by the Leadership Board
- Membership will be:
 - Chair
 - 5 Local Authority Chief Executives
 - HCA representative
 - BIS representative
 - NBF nominee
 - CBI nominee
 - SBF nominate
 - Chamber of Commerce nominee

The terms of reference for the Investment Board will be revised in light of ongoing discussions with Government on the development and implementation of the Local Enterprise Partnership and any delegations of funding programmes from Government.

Report of:	Director of Strategy & Policy
Report to:	Leadership Board
Date:	Wednesday, 12 January 2011
Subject:	Statement of Ambition Consultation Outcomes
Item for:	Discussion

SUMMARY

1. This report summarises the outcomes of the consultation process on the final draft summary of the Statement of Ambition, agreed following the meeting of the Leadership Board in June 2010.
2. This document has been the subject of consultation with the various TVU sub-Boards and other key partner organisations since that time, with the intention of seeking feedback on the summary, and developing the longer Statement of Ambition.
3. In general, there was a high degree of support for the draft summary, its aims, its style and its content. However, there are a number of comments that it is felt warrant a change to the draft summary already produced and agreed by the Board, and these are set out in the report.
4. Board Members' views on the suggested amendments would be welcomed, with an approval to either these, or an alternative form of words, in order that the summary can be finalised.
5. Board Members' comments on the longer version of the Statement of Ambition are also requested, in order that this too can be finalised.

1. INTRODUCTION

- 1.1 This report summarises the outcomes of the two month consultation process on the final draft summary of the Statement of Ambition agreed following the meeting of the Leadership Board in June 2010.
- 1.2 Board Members are asked to note the contents of the report and agree to the suggested amendments for the final version of both the summary and the longer version of the Statement of Ambition.

2. CONSULTATION PROCESS

- 2.1 At the meeting of the Board on 10 June 2010, a final draft summary of the Statement of Ambition was presented, following comments from Board Members and Chief Executives since the initial draft was presented in March.
- 2.2 Board Members asked for some minor changes, from which a consultation draft of the summary was produced. This document has been the subject of consultation with the various TVU sub-Boards and other key partner organisations since that time, with the intention of seeking feedback on the summary, as well as inviting comments and input for the longer version of the Statement of Ambition.
- 2.3 As part of the consultation process, it is important to note that the document itself, and the key themes, emerged from the six TVU Business Case events held in late 2009/early 2010, and so its development has included key partners throughout. The more recent process has focused on the detail of the two key ambitions.

3. CONSULTATION MEETINGS

- 3.1 Since the agreement of the draft summary, the document has been considered / discussed at a series of meetings including the broader TVU partners, private sector representation organisations, and the voluntary and community sector.
- 3.2 At TVU sub-Board meetings, and those with the private and voluntary sector representatives, a short presentation was given on the Statement of Ambition, followed by an open forum to receive comments. At the other meetings, attendees were sent the draft document in advance and the meeting was focused around any comments that consultees had.
- 3.3 In parallel to these events, each Local Authority has been seeking the necessary internal approvals for the draft document, and the draft has been

considered by the Directors of Regeneration, Directors of Environment, Heads of Economic Development and Planning Managers' officer groups.

4. CONSULTATION RESPONSES

- 4.1 Overall, very few specific comments on the draft document have been received over the consultation period. Those that have been received are discussed later.
- 4.2 In general, there was a high degree of support for the draft summary, its aims, its style and its content. Consultees were particularly positive about:
- The fact that the document is concise and sets out a clear vision;
 - The acknowledgement of what has already been achieved, especially the Tees Valley Industrial Programme;
 - The positive feeling about the future of the area portrayed; and
 - The flexible approach adopted to enable the vision to survive rapidly changing circumstances.

All of these were raised during the TVU Business Case events as points that the document should look to address.

- 4.3 General issues with the draft document as presented focused on:
- Should the document answer the question “what is the Tees Valley?” in a more direct way?
 - A comment that there was little detail about business and specific industries in the summary;
 - A need to emphasise the unique selling points of the Tees Valley (and the North East) and the global market that we are competing in;
 - Whilst the document references previous work (Tees Valley Vision and the Business Case), it then seems to focus on two new ambitions rather the three spatial priorities (Darlington Gateway, Stockton-Middlesbrough Initiative and Coastal Arc); and
 - How do the outcomes compare with our global competition?
- 4.4 More specific omissions/additions were noted as follows:
- The visitor economy is not mentioned within the draft document;

- There is no risk analysis included;
- It still feels as though there are a large number of priorities, even within two focused ambitions, in a period when funding will be reduced;
- There is no mention of the export economy, which is an important part of the overall Tees Valley economy; and
- We need to make the argument that energy intensive industries should be locating in the Tees valley near to point sources.

4.5 Finally, the voluntary sector representatives in particular welcomed the chance to be involved in the process, and expressed a wish for this arrangement to continue with other strategies and policies.

5. SUGGESTED ACTIONS

5.1 There are a number of comments that it is felt warrant a change to the draft summary already produced and agreed by the Board. These are as follows:

- Page 1, third full paragraph – amend to read “... engineering industry. **We also have a significant export economy, focused around the port.** Our future economy will need to build on these nationally significant assets **and activities.**”
- Page 1, fourth full paragraph – amend to read “... of Stockton, **all linked by the River Tees.**”
- Page 2, first paragraph – amend to read “... develop them, **helping to support a more balanced and sustainable – both economically and environmentally – model of growth, to address our long term challenges.**”
- Page 2, at end of second full paragraph – insert new paragraph “**We need to compete with industrial complexes such as Rotterdam, Antwerp and Singapore by making it easy to invest in the Tees Valley. These three competitor locations are some of the world’s foremost chemical and biotechnological cluster locations, and all of them are developing clear visions for the future to attract new investment – our first ambition will provide an enhanced offer.**”
- Page 3, second bullet point – amend to read “...natural assets **that are significant from an international wildlife perspective,** and ...”

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- Page 3, after third bullet point – insert new bullet point “**Develop the visitor economy by continuing to accelerate investment in the tourism and visitor economy sectors.**”
 - Page 3, last paragraph – amend to read “... annual basis, **and will benchmarked against competitor locations, where practicable.**”
 - Page 4, before first bullet point – insert new bullet point “**Establishing a Local Enterprise Partnership within the Tees Valley to drive forward the economic regeneration of the area.**”
- 5.2 These changes are included in the attached version of the Statement of Ambition. Board Members’ views on the above amendments would be welcomed, with an approval to either these, or an alternative form of words, in order that the summary can be finalised.
- 5.3 A number the responses received were more applicable to the longer version of the Statement of Ambition, where there is be more detail on rationale, priorities and comparative indicators.
- 5.4 In particular, there was a desire to include a new narrative on the competitive position of the Tees Valley as an integrated industrial complex set against areas such as Rotterdam, Antwerp and Singapore, drawing on the work of the North and South Tees Evaluation Report and to give more focus to the priorities emerging from the work on the complementary Investment Plan.
- 5.5 All of the comments received on the longer Statement of Ambition have fed into the latest version of the document, attached to this report. Again, Board Members’ comments on the longer version are also requested, in order that this too can be finalised.

Originator: Linda Edworthy

Contact Tel: 01642 527092

E-mail: linda.edworthy@teesvalleyunlimited.gov.uk

Tees Valley
unlimited



Economic and Regeneration Statement of Ambition

Final Draft (12 January 2011)



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Tees Valley Unlimited

PO Box 199
Melrose House
1 Melrose Street
Middlesbrough
TS1 2XF

Tel: 01642 524400

Fax: 01642 524468

E-mail: tvu@teesvalleyunlimited.gov.uk

www.teesvalleyunlimited.gov.uk

Executive Summary

What is the Statement of Ambition?

This Statement of Ambition sets out our vision for the Tees Valley for the next 15 years, taking forward the work of the Tees Valley Vision (2002) and City Region Business Case (2006). The Statement builds on the achievements of the Tees Valley economy for the last decade working closely with One NorthEast, the Homes and Communities Agency, the private sector and National Government. It shows how we intend to work with regional agencies, the private sector and Government to develop our economic assets, tackle our barriers to growth and sets out our key priorities.

What have We Achieved?

Over the last decade, the Tees Valley has seen the largest increase in employment since the 1970s. Notable achievements include:

- The continued development of the process industries, through SABIC's investment in the world's largest polyethylene plant, the expansion of biofuels, biotechnology and advanced engineering, particularly maritime engineering in Hartlepool.
- The growth of container traffic through Teesport and the establishment of national import centres at the port.
- The continued growth of the service sector at Teesdale, Wynyard, Darlington and Middlesbrough.
- The regeneration of our town centres, through schemes such as the Pedestrian Heart in Darlington and mima in Middlesbrough, together with the development of Middlehaven and the creation of a new digital/multi-media cluster at Boho.
- The provision of the infrastructure necessary to take the City Region forward, through the development of Teesside University and Durham University, the construction of new colleges of further education, the creation of the Centre for Process Innovation and the work towards a transport network that meets our future needs.

Our Economic Assets

The Tees Valley is home to the largest integrated heavy industrial area in the United Kingdom, containing petrochemicals, energy and industrial biotechnology plants of a world scale, the third largest port in the United Kingdom, a steel industry specialising in construction steels and a world-class advanced engineering industry. We also have a significant export economy, focused around the port. Our future economy will need to build on these nationally significant assets and activities.

However we have other major assets. Our Boroughs each bring their own distinctive advantages to the 'offer' of the City Region, which we will seek to exploit moving forwards. These include the market town and mainline connectivity of Darlington, the marina facilities and business incubation space in Hartlepool, the cultural and retail facilities and Teesside University in Middlesbrough, the Northern Gateway terminal at Teesport, the rural and coastal splendour of Redcar & Cleveland and the engineering companies and business connectivity of Stockton, all linked by the River Tees.

If we are to continue to diversify the economy we need to build on these assets and all the Boroughs have major plans to develop them, helping to support a more balanced and sustainable – both economically and environmentally – model of growth, to address our long term challenges.

Ambition 1: Drive the Transition to the High Value Low Carbon Economy

Our first ambition is to drive the transition from a high value, high carbon economy to a high value, low carbon economy, focused on renewable energy, new technologies, biological feedstocks and the reduction of the carbon footprint of our existing industries. Our key priorities to achieve this ambition are to:

- Facilitate pilot projects, using the existing assets and skill base, to test and scale up new and novel low carbon technologies through innovation such as developing a carbon capture and storage network for existing industries and new users or resource recovery through anaerobic digestion.
- Building on the Tees Valley Industrial Programme, invest in innovative delivery vehicles to bring forward land for development, upgrade utilities, run steam and heat networks and remove barriers to investment, focused around the spatial area of the North and South Tees.

There is an £8 billion pipeline of commercial investment in the medium term interested in setting up biofuel plants, energy from waste plants, port developments, an oil refinery, nuclear power and maritime wind farm construction. Our priority is to deliver this pipeline of investment through the public and private sector working together to remove the barriers to investment. We recognise that manufacturing still plays a fundamental role in the economy of the Tees Valley and we must build on our industrial strengths where we have particular expertise or might gain an advantage.

We need to compete with industrial complexes such as Rotterdam, Antwerp and Singapore by making it easy to invest in the Tees Valley. These three competitor locations are some of the world's foremost chemical and biotechnological cluster locations, and all of them are developing clear visions for the future to attract new investment – our first ambition will provide an enhanced offer.

Increased environmental regulation, climate change and the need to secure energy supplies for the future, act as both a threat and an opportunity to the Tees Valley. A more stringent carbon emissions trading scheme introduced in 2013/14 could add £½ billion to £1 billion of taxation to the costs of the 18 major CO₂ emitters in the Tees Valley, unless technical and financial solutions are found to the problem.

Ambition 2: Create a More Diversified and Inclusive Economy

Our second ambition is to create the conditions for a more diverse and inclusive economy that builds on our strengths and allows all our people to realise their potential. Our key priorities to achieve this ambition are to:

- Continue to support growth in the service and retail sectors, both in our town centres and major regeneration sites, through developing the digital and creative industries, new business development, logistics, the health sector, relocation of government departments, financial and business services and the creation of a property market for office/industrial development which is viable without public sector support.

- Build an improved environment through continued investment in our town centres, major regeneration sites, natural assets that are significant from an international wildlife perspective, and green infrastructure.
- Ensure that our housing offer is attractive to people who want to invest and locate in the Tees Valley.
- Develop the visitor economy by continuing to accelerate investment in the tourism and visitor economy sectors.
- Ensure that residents of the Tees Valley from all backgrounds have the employability and skills to access the new jobs created in the Tees Valley.
- Provide a transport network is fit for purpose for the movement of goods and people by continuing to invest in our public transport network and targeted highway infrastructure improvements, as well as enhancing our links to national and international gateways.
- Improve the coverage and speed of our broadband network.

The Northern Way's work on City Relationships emphasises the importance of the 'pull' of the economic centre to the success of a City Region. For the Tees Valley, in addition to the industrial base in the North and South Tees area, the economic 'pull' of the City Region will remain our centres. In Middlesbrough, as our major retail centre, there is the opportunity to develop the high level specialist retail services the Tees Valley needs and attract office development around the success of Boho, Middlehaven and Teesside University. In Darlington, whose town centre serves the western end of the Tees Valley and beyond, because of its locational advantages and its market town ambiance, there is the opportunity for office development with minimum public subsidy.

Stockton similarly has the potential to grow the office market, building on the success of Teesdale and Durham University. In Redcar and Cleveland a key part of the Council's ambitious Regeneration Master Plan is to develop the potential for tourism in Redcar, Saltburn and East Cleveland. Hartlepool also intends to continue the tourism development around the Marina and to create an innovation and skills quarter created around the new college of education as a catalyst for regenerating the town centre.

Whilst overall conditions have improved across the Tees Valley, the last quarter of the 20th Century has led to a more polarised society between the rich and the poorer and between the older, inner areas of our towns and cities and the more affluent suburbs. Our programmes on employability, skills, neighbourhood renewal and our interventions to encourage the physical regeneration of older areas have begun to tackle this problem. We will continue with this investment, helped by national and regional agencies.

Anticipated Outcomes

In setting out our ambition we need to set out the outcomes we can realistically achieve over the next 15 years. These are to:

- 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%.

Progress towards these outcomes will be measured on an annual basis, and will be benchmarked against competitor locations, where practicable.

What will Tees Valley Unlimited Contribute?

Tees Valley Unlimited cannot deliver the Statement of Ambition on its own. It needs to bring together the public sector at local, regional and national levels with the private sector to deliver the strategy. We will do this through:

- Establishing a Local Enterprise Partnership within the Tees Valley to drive forward the economic regeneration of the area.
- Preparing a complementary Investment Plan, which will link the growth of the key economic sectors with the development of the Tees Valley as a place, and will include a process for monitoring and reviewing its activity.
- Engaging with the private sector to deliver the Statement of Ambition, supporting economic activity which operates across administrative boundaries.
- Working with our neighbouring authorities and partnerships on issues that affect a wider area.
- Influencing national policy to secure resources, shape strategy and tackle barriers to investment resulting from the operations of Government and its agencies.
- Taking a lead in securing the investment required for our priority sectors, and working even more closely together to ensure we lever in the greatest amount of complementary investment.
- Examining new ways of funding our priorities, as well as the use of public sector capital assets in Tees Valley to promote regeneration and housing within a joint vehicle for investment.
- Working with the voluntary sector to ensure that the outcomes are felt across the Tees Valley and that the issue of a polarised society is tackled.

Through Tees Valley Unlimited, we now have a rare opportunity to work closely with a new Government to help realise the opportunities set out in this document. Delivering our interventions and realising our goals will be difficult, but the assets that the Tees Valley has, and our belief in our ambition, mean that we can play a major role in the recovery of the UK economy.

This is the Tees Valley, and this is where we are going.

1. Our Statement

- 1.1. As the global economy recovers from recession, the UK can play a leading role in developing the new economy that will shape the next decade. It will be a decade of challenges, but also one of opportunities. It will be a decade to look forward, not back.
- 1.2. To ensure that the UK plays such a leading role requires all parts of the country to play to its strengths and unlock its potential. The Government's vision for economic growth identifies that the UK urgently needs a balanced and sustainable – both economically and environmentally – model of growth to address the long term challenges.
- 1.3. This in turn requires areas to examine its current economic position, to question where it wants to be, and to set out very clearly how it intends to get there to play its part in the UK's future. The Tees Valley is rising to this challenge, tackling head-on the existing perceptions of the area and setting out its agenda for transformational change, as part of the Government's drive for local communities to play a leading role in their future development.
- 1.4. We have done much in recent years to enhance the 'offer' of the Tees Valley as a place, for example:
 - The market town, mainline connectivity, high quality business accommodation, advanced engineering capability and the new Teesside University Campus in Darlington;
 - The marina facilities, the maritime experience and the business incubation space at Queen's Meadow in Hartlepool;
 - The cultural and retail facilities, the main campus of the TES' University of the Year 2009 and the new digital and creative industries Boho development in Middlesbrough;
 - The Northern Gateway terminal at Teesport, the process industries research capability of Wilton, and the rural and coastal splendour in Redcar & Cleveland; and
 - The business connectivity, engineering companies, the research facilities at Queen's Campus and the striking Infinity Bridge in Stockton,all linked by the River Tees, offering business, housing and leisure potential along its length.
- 1.5. But we know that we still have much to do to ensure that people see us in the future as somewhere to "live and learn, play and earn", and also to ensure that we contribute fully to the required rebalancing of the UK economy. We feel that we can play a central role in building a free, fair and responsible

society, driven by local partnerships that have common goals and clear objectives.

- 1.6. This Statement of Ambition sets out our vision for the Tees Valley for the next 15 years, taking forward the work of the Tees Valley Vision (2002) and City Region Business Case (2006). Both of these documents were developed with the involvement of public and private sector partners as we have long since realised that working together brings greater returns.
- 1.7. When setting out the City Region's forward development programme in the Business Case, we did not know about the economic turbulence that lay ahead. We would have sought to refresh our vision in any event, but it becomes even more important now as the economic recovery gathers pace, albeit against a background of relative austerity.
- 1.8. The Statement is deliberately high level and visionary, recognising that our ambition will not change significantly even if external influences continue to do so. It is complementary to existing Sustainable Community Strategies, as well as a number of other activities being carried out by national and local partners.
- 1.9. The Statement is not an all-encompassing strategy for the Tees Valley – it does not need to be, nor should it be. It is specifically focused on improving economic outcomes for the area and the creation of a locality that contributes to this – it does not cover every topic of importance to the Tees Valley.
- 1.10. The Statement has been prepared by Tees Valley Unlimited, a partnership between the five Tees Valley Local Authorities, sub-national agencies and business leaders to drive forward the future development of the Tees Valley economy. Its production represents the culmination of an inclusive 12 month programme managed by TVU that tries to articulate a coherent single vision for the area.
- 1.11. The timing of the Statement is intended to take advantage of the opportunity to work closely with the Government on its drive for localism, to develop our plans further, ensure that barriers are addressed, and deliver the outcomes for the Tees Valley and the UK economy. This Statement is built from Tees Valley people. Unlocking the Tees Valley's potential is not an option – it is a necessity.
- 1.12. Needless to say, recent events have sometimes been difficult, but the key strengths of the Tees Valley remain – its people, and the partnerships that were forged to drive the economic regeneration of the area. As we look forward, all partners remain determined to continue the task that has been started. This Statement articulates the means by which we can play our full part in the economic recovery of the UK, and we want everybody to see how they can contribute.

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.

- **Teesside Power Station** is one of the world's largest Combined Cycle Gas Turbine combined heat and power plants, producing 1,875 megawatts of electricity, Ensus has opened Europe's largest bioethanol plant at Wilton using locally grown wheat, and there is a further £4 billion of private sector investment programmed in the next five years in energy, biofuels and petrochemicals;
- **Teesport**, the fourth largest port in the UK and the fastest growing, handles between 7 and 8% of all UK container traffic – oil and gas based chemicals, iron ore import, coal imports and steel exports account for 75% of its trade, Walmart and Tesco opened major import centres in 2009, employing around 800 people, and planning permission has been granted for a major deep sea container terminal of national importance at the site;
- A strong **biotechnology sector** based on Merck and Johnson Matthey;
- A world class **engineering design** and plant maintenance industry, employing over 5,000 people including companies like Cummins, who are designing the next generation of diesel engines at Darlington, Cleveland Bridge, AMEC, Aker Solutions, Whessoe, Heerema, Corus Tube and K Home Engineering, as well as strong potential for maritime engineering, particularly in Hartlepool;
- In **steel**, despite the mothballing of the Teesside Cast Products (TCP) plant, Corus still employs 2,500 in steel making in the area, focused around the Redcar Steel complex, and talks about new investment in the plant are at an advanced stage.

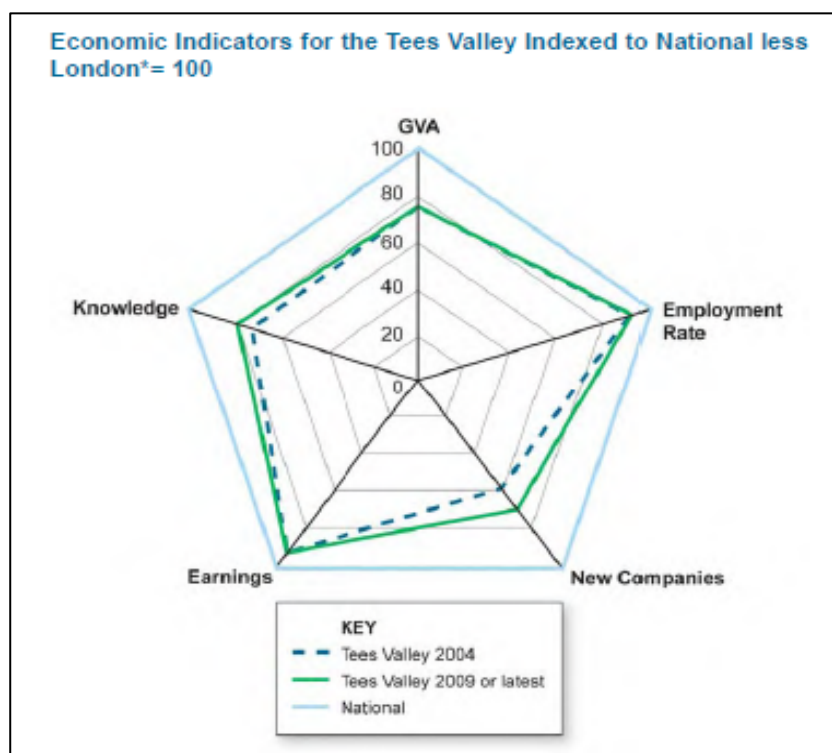
2.5. The Tees Valley also has world class support for key sectors, including:

- The **Centre for Process Innovation (CPI)** which has successfully developed two major Technology and Innovation Centres in advanced manufacturing which are now of UK national importance – Industrial Biotechnology and Printable Electronics (PETEC);
- The **Institute of Digital Innovation** at Teesside University helps young graduates from the university develop their business ideas through its fellowship scheme – once businesses are established they then transfer to the Boho incubation space in Middlesbrough for further development and growth.

2.6. Over the last decade, the Tees Valley has also seen the largest increase in employment since the 1970s, building on these significant economic assets to achieve other economic and regeneration outcomes, such as:

- The continued growth of the service sector at Teesdale, Wynyard and in Darlington;
- The regeneration of our town centres, through schemes such as the Pedestrian Heart in Darlington and mima in Middlesbrough;
- The provision of the infrastructure necessary to take the City Region forward, through the development of Teesside University and Durham University, the construction of new colleges of further education and the work towards a transport network that meets our future needs; and
- The improvements to our environment and natural assets that are significant from an international wildlife perspective, including the River Tees, the RSPB Saltholme Reserve and Teesmouth National Nature Reserve.

2.7. Much of the recent growth has been driven by the public sector, with a modest growth in business and financial services, some environmental technologies and in construction. However, a recent economic assessment of the area shows that the Tees Valley is still underperforming compared to the national average in terms of economic growth, employment, enterprise, earnings and skills, as shown in the diagram below.



2.8. In the short to medium term, the Tees Valley faces many challenges to improving its economic performance and therefore these economic outcome indicators. Whilst the recession has now ended in the UK, the pace of

recovery will be steady rather than rapid, and there is likely to be a lag before the recovery is evident locally. In any case, unemployment normally continues to rise for some time after the official end of a recession.

2.9. There remain some pressures on globally competing local industries, and any job losses due to imminent reductions in public expenditure will have a serious impact given the nature of our economy. Thus the Tees Valley economy will need regenerative efforts just to counteract the negative impacts in the near future.

2.10. The current dominance of production industries and the public sector, which contribute half of the City Region's growth and employment, is something that we must address moving forwards in order to make our economy more resilient. Particular challenges that we need to address include:

- How do we create an economy which is robust, diverse and self sustaining in the long term?
- How do we effect the transition to a low carbon economy in a global marketplace?
- How do we support existing sectors through the recovery? and
- How do we encourage growth from within through self-employment and entrepreneurship to diversify our economy?

2.11. Our key economic assets will play a major role in providing the answers to these challenges. Recent activity has been focused on supporting these nationally significant assets and ensuring that they are in a position to compete in a global market. Our future economy will need to build on these assets through the recovery, ensuring that the necessary infrastructure is in place to make such key sectors competitive in a global marketplace.

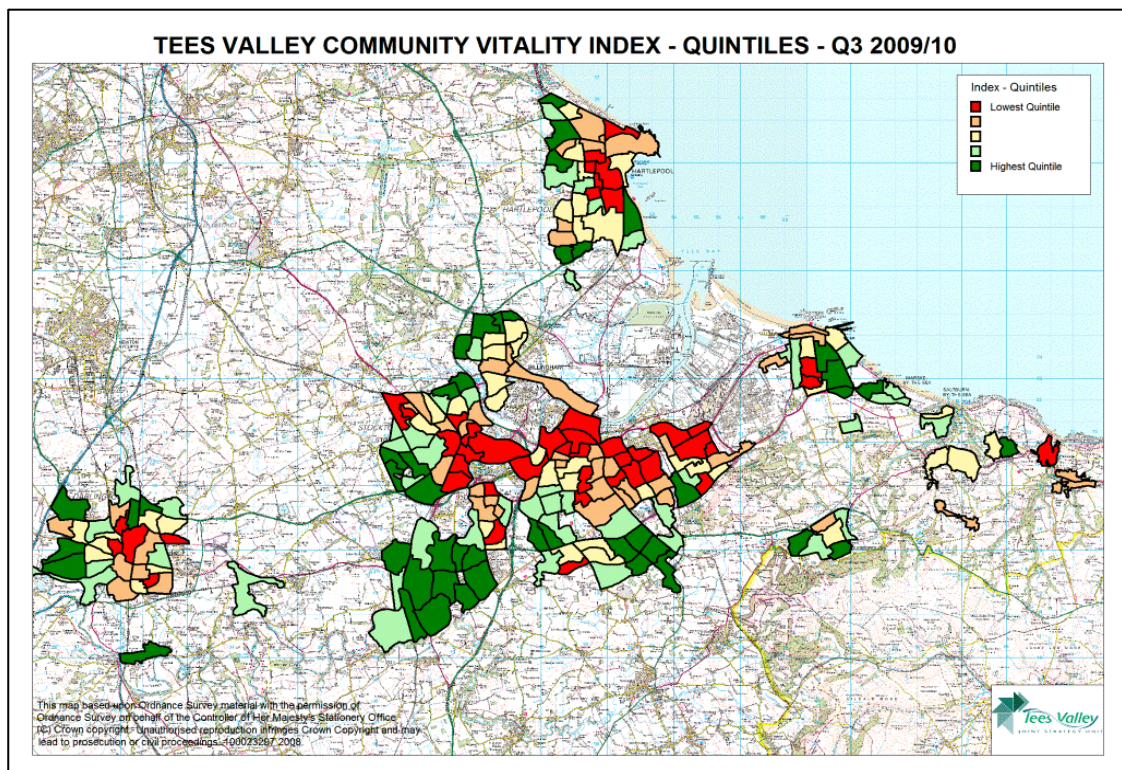
2.12. But we also need people to help make the most of these assets. In line with national trends, the Tees Valley has an ageing population, which means less young people will be entering the workforce, therefore investing in today's workforce is an investment for the future for the area. The traditional skills found in the manufacturing industry will be needed to support our new industries, but we face challenges such as:

- How well equipped is the Tees Valley labour market to meet the future needs of the local economy?
- Does it have the necessary skills to support the needs of businesses in the future?

2.13. Retaining the existing skills base needed to ensure the future growth industries have the skilled workforce required to develop, grow and operate competitively in a global market will be a priority, especially if the relatively

older age structure of this workforce leads many to seek early retirement in the light of the imminent and likely company closures.

- 2.14. We must help the people in the Tees Valley to develop their skills and their knowledge to find work and build the companies of the future. Together, we must act to overcome the entrenched benefit dependency, and bring our excluded population back into work.
- 2.15. For the Tees Valley to be successful, it needs to be a successful locality. The overall 'offer' of the area must match the demand and aspirations for both residents and people moving into it. This particularly relates to housing, culture, leisure, retail transport, education and health care facilities. All of these support the growth of an area, but can also undermine its long term strategy if not linked in with economic and regeneration policies and activities.
- 2.16. Our Boroughs each bring their own distinctive advantages to the 'offer' of the Tees Valley, a snapshot of which was provided earlier, and if we are to grow all areas of our economy we need to develop these assets further. Part of this will be about overcoming perceptions, part will be about continuing to invest in the activities that can create vibrant and thriving centres that provide benefits to all.
- 2.17. Yet economic growth cannot come at the cost of the environment. The carbon budgets set by the Government legally oblige the UK to reduce emissions by 34% by 2022. The Tees Valley has set emission reduction targets of 21% from 2005 levels by 2020, which broadly equates to a 34% reduction from 1990 levels. There is an opportunity for the Tees Valley to demonstrate how the industrial and environmental sectors can work together in true partnership as a model for other areas, reducing emissions and enhancing the natural environment.
- 2.18. Promoting sustainable development across the Tees Valley and building on our internationally significant natural assets will help balance the possible competing objectives of economic growth and environmental management. There is growing recognition of the importance of the natural environment to the wider economy, and that investing in the natural environment and its services can be an effective and efficient way of securing an improved quality of life.
- 2.19. Whilst overall conditions have improved across the Tees Valley, the last quarter of the 20th Century has led to a more polarised society in the Tees Valley between the rich and the poorer and between the older, inner areas of our towns and cities and the more affluent suburbs. Recent economic growth actually widened the gap between our more affluent and non-affluent areas.
- 2.20. The diagram overleaf shows our Community Vitality Index, measured at a neighbourhood level, using a range of statistics that give an indication of the quality of life for our residents. It shows the difference between areas of relative affluence and areas of relative deprivation, often in close proximity.



2.21. All of this gives rise to a final set of challenges to address:

- How do we promote our centres as the drivers of the City Region's economy?
- How do we ensure future housing plans match demand and aspirations?
- How can we adapt to climate change as well as attracting visitors through our natural assets?
- How do we enhance our transport offer to increase access to services and the job market without increasing private transport use?
- How do we reduce the polarisation between different parts of the Tees Valley?

2.22. So, the Tees Valley recognises very clearly what it has to offer and how our assets can help shape our future. We also recognise the need to rebalance public and private sector growth around our identified growth sectors. All of this provides a strong basis that underpins our forward strategy for economic regeneration, as well as providing a clear objective for all of those involved in developing the future Tees Valley economy.

3. Where we are Heading

- 3.1. Over the lifetime of this Statement, we wish to promote activities that will have a significant impact on the Tees Valley's prosperity, which will in turn be evident in improvements in many of the area's economic indicators. However, in setting out our ambition we need to set out the outcomes we can realistically achieve over the next 15 years.
- 3.2. For example, developing a range of low carbon technologies in Tees Valley will create at least 2,000 highly skilled jobs, 11,500 construction jobs, and 4,000 indirect jobs. This would allow us to maintain manufacturing and production employment at higher than 12% of the Tees Valley employment base.
- 3.3. On the other hand, we need to be mindful that there are currently 94,000 people employed in the public sector in the Tees Valley, and there will be significant threats to some of these jobs in the immediate future. One third of all employees within the Tees Valley are employed by only 1% of the total number of companies.
- 3.4. Building a world class business infrastructure of the future in the Tees Valley, which provides business sites and accommodation that meet business expectations will attract new investment to the Tees Valley. We would aim to increase overall business density to 35 per 1,000 people (North East average) by end of 2011/12, and sustain existing new business start up rates at above the regional and national average for the next 15 years, whilst maintaining our survival rates above the national average.
- 3.5. With skills and qualifications we have already made some progress in closing the previous gap between Tees Valley rates and the national average for NVQ Level 2 plus, and by making a significant move towards that position with Level 3 plus, largely due to the success of apprenticeship schemes. However, we still have some way to go to see a similar position with Level 4 plus, as well as to decreasing the number of people with no qualifications.
- 3.6. Reflecting on these individual components, and bearing in mind our starting position, our anticipated outcomes for the next 15 years are:
 - Increase our 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%.

Progress towards these key outcomes will be measured by Tees Valley Unlimited on an annual basis, through our Business Plan, allowing us to take a view as time goes on as to where to deploy its resources to greatest effect, taking account of the impact of previous investments.

3.7. To do this effectively, there is a need to:

- Ensure that Government policy does not have the unintended consequence of hindering our development proposals;
- Allow a local perspective to be taken into account when national decisions are made;
- Work towards a longer term funding commitment across all funding streams that will deliver our priorities;
- Provide more flexibility to move funding between different priorities to meet changing needs;
- Give greater autonomy in appraising and approving projects for funding; and
- Provide opportunities for new and innovative funding models to be tested.

This will require further discussion with Government on freedoms and flexibilities for new local partnerships.

3.8. Taking stock of our economy and its assets, as well as our desired outcomes, our forward strategy needs to be about a transition towards a new and resilient economy, not simply a race to secure the latest growth sectors. It needs to be about a transition to a sustainable economy where quality of life does not come second to economic performance, and where the benefits reach all of those within the Tees Valley.

3.9. Therefore our ambition for the future has two main elements:

- To drive the transition to a high value low carbon economy; and
- To create a more diversified and inclusive economy.

The following sections of this document set out the rationale for each in turn.

3.10. The key policy priorities for Tees Valley Unlimited have also been developed and set out under these elements. The priorities are not intended to be an exhaustive list, as they will be matched by local priorities, as well as national ones. These are simply meant to be the priorities identified for the Tees Valley that may best be taken forward by Tees Valley Unlimited.

4. Ambition 1: A Low Carbon Economy

- 4.1. The strengths of the Tees Valley as a nationally significant industrial centre have already been set out in this document. These strengths have guided investment in recent years. We recognise that manufacturing still plays a fundamental role in the economy of the Tees Valley, and will continue to do so.
- 4.2. There is huge future potential, not only for Tees Valley to attract low carbon investments, but for it to become the most advanced, integrated low carbon system in Europe. Nowhere else in the UK offers such a possibility for an integrated system, nor the advantages that the Tees Valley has, such as:
- Availability of land;
 - A deep sea port;
 - Transport, energy and pipeline infrastructure; and
 - A long standing Instrument of Consent that gives some planning certainty to companies on the Wilton site.
- 4.3. We also have the North East Process Industries Cluster, the National Skills Academy for the Process Industry, the National Industrial Biotechnology Facility, the National Industrial Symbiosis Programme and the Renewable Energy Manufacturing Technology Centre.
- 4.4. But our major competitor areas come from outside the UK, so we need to secure the investment here for the benefit of the UK economy. We need to compete with industrial complexes such as Rotterdam, Antwerp and Singapore by making it easy to invest in the Tees Valley.
- 4.5. These three competitor locations are some of the world's foremost chemical and biotechnological cluster locations, and all of them are developing clear visions for the future to attract new investment. However, all of them offer distinct differences to the Tees Valley in the way in which they operate. In particular:
- They have a clear industrial development strategy, and through the organisations set up locally and their assets, are able to execute the strategy;
 - There is the ability to deal with a single contact organisation which represents the sector, and handles directly enquiries from companies considering to locate, expand or relocate on their land – this is a more comprehensive offer than existing inward investment organisations, either locally or nationally, offer at the present time;

- There is an emphasis on cluster development and vertical integration between firms so that capital and production costs can be reduced through the sharing of sites, resources and waste streams, facilitated by the organisational structures;
 - Decisions about land, pipelines and utilities, are more streamlined due to local organisations having greater control over strategy and development; and
 - The clusters have the clear support of national (and regional) government in terms of devolved funding and other support to ensure further development.
- 4.6. The competitive situation is something that we recognise, and the work done in 2009 to develop an industrial framework for the area around the North and South Tees identifies how we can start to address these differences within the current UK regulatory and policy context. The work identified a strategic plan for the North and South Tees area which will facilitate symbiosis, thereby creating the conditions for an integrated cluster to grow and develop.
- 4.7. There is an £8 billion pipeline of investment in the medium term which will help drive the transition to a low carbon economy, including:
- A heavy oil upgrader at Wilton, refining heavy oil from the North Sea;
 - A proposal for a coal gasification plant to generate electricity and capture and store CO₂ under the North Sea;
 - Two large biomass plants;
 - A second nuclear power station at Hartlepool;
 - A proposal by Ineos Bio to construct Europe's first advanced bioethanol from waste plant at Seal Sands;
 - The development of a New Energy and Technology Park at Billingham, with an energy from waste plant as the first company on site;
 - The Northern Gateway deep water port container terminal; and
 - Wind turbine construction at Hartlepool and South Tees, building on the advanced engineering expertise already in the Tees Valley.
- 4.8. Joint working with business in this area is strong and robust, and we are able to articulate the barriers to securing this private sector investment that we know to be in the pipeline. We need to ensure that the investment becomes a reality by building on our industrial strengths where we have particular expertise or might gain an advantage.

- 4.9. Therefore, **our first ambition** is to drive the transition from a high value, high carbon economy to a high value, low carbon economy, focused on renewable energy, new technologies, biological feedstocks and the reduction of the carbon footprint of our existing industries.
- 4.10. The Tees Valley Industrial Programme (TVIP), a £60 million package of investment announced in December 2009, is focused on bringing forward many of the projects that will help deliver a low carbon economy in the Tees Valley, including project and product innovation in the types of areas described above, and business support. TVIP includes modernising our infrastructure so that it can adapt to support a modern low carbon economy, which will be a major source of new jobs and business opportunities in the decades ahead.
- 4.11. In the first nine months, the programme resulted in the creation of 1,700 full time jobs, safeguarded 1,200 jobs, acted as a catalyst for £230 million of complementary investment, and allowed the redevelopment of 50 hectares of land.
- 4.12. However, increased environmental regulation, climate change and the need to secure energy supplies for the future, act as both a threat and an opportunity to the Tees Valley. The more stringent carbon emissions trading scheme introduced in 2013/14 could add £½ billion to £1 billion of taxation to the costs of the 18 major CO₂ emitters in the Tees Valley, unless technical and financial solutions are found to the problem.
- 4.13. Tees Valley will seek to ensure the legacy of TVIP and build on its successes to promote the Tees Valley as an integrated low carbon complex, We will do this by:
- Pioneering the use of **resource recovery** to produce chemicals, develop efficient biofuels, use biomass to produce energy, decommission oil platforms and construct wind turbines – we will demonstrate the potential of innovative technologies such as industrial biotechnology and carbon capture and storage;
 - Continuing the process of **business support**, developing clusters and local supply chains – this will be supplemented by the continued attraction of businesses into the area, particularly where they complement the existing business stock and strengthen supply chains (support of the advanced engineering sector will be crucial within this supply chain);
 - Developing a **skills** package to ensure that we have an appropriately skilled workforce to service the low carbon economy, with a focus on upskilling those from our more disadvantaged communities;
 - Refining the **strategic planning** industrial framework already established for the spatial area of the North and South Tees to

encourage investment and make efficient use of the land and assets available, in essence, demonstrating a localised and accountable application of National Policy Statements for developments in the Tees Valley that are important to the national economy;

- Developing a **fast track planning process** by working pro-actively with national agencies such as the Highways Agency, Environment Agency, Natural England and the Health and Safety Executive to agree protocols with each to reduce existing delays in the planning process through protracted negotiations;
- Pursuing **strategic land acquisitions** to take advantage of the availability of industrial land in the Tees Valley has, but of which fragmented ownership sometimes makes it difficult to bring large sites forward – a high level spatial plan for industrial sites has already been prepared in consultation with existing industries and landowners through the North and South Tees work to try to create parcels of land that are of the right scale and location to attract businesses to an integrated complex;
- Identifying the **future electricity and water needs** of the North and South Tees area, and seeking opportunities to become more self-sufficient in energy production and consumption both at an industrial and residential scale – for example, creating a new energy hub in the North and South Tees area that will help provide energy for future industries without being as susceptible to fluctuations in both the supply and price of external supplies;
- Improving the **capacity of the rail network** to take larger containers, with work funded through TVIP due to start in 2011, as well as continuing the development of our rail network, for both freight and passenger movements, to accommodate increased transport demand in a sustainable way;
- Investing in **innovative delivery vehicles** to bring forward land for development, upgrade utilities, run steam and heat networks and remove barriers to investment such as infrastructure and Government policy – this may include new joint ventures, prudential borrowing and asset-backed delivery mechanisms; and
- Examining **new funding packages**, such as tax increment finance, corporation tax reductions, prudential borrowing, joint ventures, pump-priming of infrastructure, asset-backed vehicles, enterprise zones and the potential for a Tees Valley Investment Bank, all aimed at improving the competitiveness of the Tees Valley against other areas.

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- 4.14. Detailed engineering studies are underway of the cost and feasibility of developing a large scale integrated complex, focusing around carbon capture and storage (CCS), the use of resource recovery, industrial heat and steam networks, and the creation of a new energy hub in the North and South Tees area. As these studies conclude, we will have a much clearer idea of the investment needed in these areas to make the Tees Valley the location of choice for low carbon industry.
- 4.15. We will monitor our reduction in carbon emissions – current proposals are seeking to save over 1.7 million tonnes of CO₂ across the Tees Valley by 2020 which will contribute to the legally binding national CO₂ reduction targets, but with significant investment in the low carbon economy, we would aim to increase this saving to 9 million tonnes, a major contribution to the UK target.
- 4.16. The discussion about the threat to our existing economy was set out elsewhere, but the onset of a punitive tax regime for high carbon emitting industries is drawing ever closer, so taking no action is not an option. We will continue to identify and develop new and innovative approaches to enable businesses to reduce emissions and to identify new opportunities to attract carbon emitting businesses.
- 4.17. Many areas within the UK will have a priority to move to a low carbon economy, but the transition that we seek for the Tees Valley is driven by two particular circumstances that are unique to the area:
- The existence of relatively high CO₂ emitting industries within our existing economic base; and
 - The locational characteristics for a fully integrated industrial complex.
- 4.18. The key to securing investment is to send out the clear message that an area is “open for business”. Bearing in mind our particular circumstances, it is imperative for the UK economy that existing industries are supported and that barriers to future investment are overcome, through national legislation, as well as tax and policy support. But it is also imperative for the Tees Valley economy that it is not wholly dependent on this sector, where there is truly global competition, otherwise it is at risk of external influences.

5. Ambition 2: A Diverse and Inclusive Economy

- 5.1. Since the 1980s the Tees Valley has diversified its economy with some success, for example:
- Teesside University has played an important role in developing a new industry based on digital/multi-media around its world-class expertise in this field;
 - The Student Loans Company has relocated to Darlington;
 - The development of the financial and business services sector at Teesdale, including engineering design consultancies and call centres; and
 - The growth of the logistics sector has seen investment at Faverdale, Wynyard and Teesport.
- 5.2. The regeneration activities of Teesside Development Corporation, Tees Valley Regeneration and the Local Authorities, helped by national and regional agencies, has resulted in the growth of a substantial service sector. Collaborative and targeted investment has also allowed us to improve the quality of our residential areas, our transport infrastructure and our cultural offer.
- 5.3. However, our existing economy is still biased towards a small number of large scale employers, and the public sector in particular. There is a need for more diversity in our economy to offset the current dominance of production industries and the public sector, which contribute half of the area's growth and employment, and which have become vulnerable in the recent economic climate.
- 5.4. Our policies and actions must seek to create a range of employment opportunities across a range of sectors, making it easy to start a successful business in the Tees Valley. Recent growth in the number of new enterprises offers some encouragement for the future.
- 5.5. Inward investment will be a major contributor that will stimulate the supply chain, new business creation and sector development, and we must act as an enabler to accelerate private sector investment.
- 5.6. Taking into account the analysis on spatial polarisation in recent years, we also need to prioritise our existing deprived communities to ensure that nobody is excluded from the opportunities that the Tees Valley will offer in the future. The new opportunities in our priority areas should be accessible to all in an equitable manner if we are to address the gap between our more affluent and less affluent areas.

- 5.7. Therefore, **our second ambition** is to create the conditions for a more diverse and inclusive economy that builds on our strengths and allows all our people to realise their potential.
- 5.8. Supporting existing sectors that have seen growth will underpin the need to branch out into new sectors to diversify our economy. The focus of helping existing sectors varies from place to place, and so we will continue to:
- Support growth in the **service and retail sectors**, both in our town centres and major regeneration sites – this is linked to the following discussion on the continued investment in our urban centres that follows;
 - Develop the **digital and creative industries** – following on from the Digital City investment and the work of Teesside University, there is the potential for the digital sector to service all kinds of industry, including low carbon, and a strategy for the next phase of Digital City has been agreed, with links to all five Tees Valley Authorities;
 - Work with the **health** sector to attract further investment – a recent study has shown the potential for telecare/telehealth services run through contact centres, a knowledge-based consultancy service for the health sector, developing small clusters of technology-based health care businesses and working with Durham and Teesside Universities to promote a medical school within the Tees Valley;
 - Promote the **relocation of government departments** – we will continue to make the case for Darlington in particular to be major location for the planned decentralisation of government departments;
 - Encourage growth in **financial and business services** – the recent growth in call centres will continue to be important and there is a need for entry level jobs to improve inclusion and tackle worklessness, but we need to secure higher value services in our town centres where they can improve the area's vitality;
 - Work to create a **property market for office/industrial development** which is viable without public sector support – a recent gap funding scheme has helped to address the fact that the rate of return on new office and industrial development is insufficient for a purely commercial investment, and we need to continue with such a scheme whilst we aim to close the gap and make the market commercially viable;
 - Continue to grow the **logistics** sector, building on the growth of Teesport as a location for large companies to locate as a result of the proximity to a deep sea container terminal, a relatively uncongested transport network and the ability to access markets in the North of the UK.

- Develop the **visitor economy** – we need to accelerate investment in the tourism and visitor economy, working with our neighbouring areas to attract more people and to upskill the workforce in this area;
 - Generate **graduate and spin-off businesses** – working with Durham and Teesside Universities, both of whom have made significant investments in research and development facilities and business schools; and,
 - Support the **manufacturing and engineering** sectors to service the low carbon economy and our growth areas, in particular where there are risks to such businesses resulting from reduced levels of public expenditure.
- 5.9. If the Tees Valley is to grow its economy, it needs to grow its business base. The North East is often characterised by a strong sense of identity and a “can do” culture – we need to harness these characteristics of tomorrow’s workforce and entrepreneurs and show them what the future of the area can be like and what opportunities there are available to them.
- 5.10. To stimulate growth across all business sectors, and within small, medium and large enterprises, there is a need to increase the overall volume of Tees Valley businesses by supporting a culture of innovation and enterprise, equipping people with the skills to turn ideas into businesses, and removing real and perceived risks to business creation.
- 5.11. In particular, we will work with local communities, and the private and voluntary sectors, to develop a business and enterprise support programme geared to meet the needs of our more deprived communities, translating national priorities into more local actions.
- 5.12. This will be supplemented by the continued attraction of businesses into the area, particularly where they complement the existing business stock and strengthen supply chains across all priority sectors. The locational advantages of the Tees Valley, particularly the availability of land and premises and our connectivity, will be important factors to promote.
- 5.13. We must help the people in the Tees Valley to develop their skills and their knowledge to find work and build the companies of the future. This applies to retraining and redeploying our current workforce, overcoming the entrenched benefit dependency to bring our excluded population back into work, and also to those in education who will provide the workforce of the future.
- 5.14. The need to improve skill levels across the workforce at all levels if we are to achieve the skills needed to meet future employer demands has been identified previously and is not necessarily specific to the Tees Valley. We need to concentrate our efforts on higher level skills and raising the skill base at the lower end of the available qualifications for all people within the Tees Valley.

- 5.15. Such skills must meet the appropriate level and occupational area to satisfy existing business needs and yet be transferable enough to be equally responsive to meet the evolution of new technologies and a changing industry base of the future.
- 5.16. We will develop an employability and skills programme for the Tees Valley which both meets the needs of the economy and enables people from deprived communities to access the new jobs created in the Tees Valley. In particular, we will identify the skills needed for each of our priority growth sectors to provide evidence to justify future investment by training providers.
- 5.17. We will work closely with the further education colleges, the Universities, the private sector and other work-based learning providers to ensure that they are kept up to date with the latest forecasts and labour market intelligence to make sure that their skills provision is best aligned with the future needs of the area.
- 5.18. We will also continue to work with 14 – 19 skills providers, schools and academies to ensure that young people understand the future job opportunities in the economy and their skills requirements. As part of the production of this Statement, we have provided input to the u-explore Stockton Wall, an interactive portal for secondary school children in Stockton to inform them about the plans and opportunities in the area.
- 5.19. We will identify any barriers to training and put forward proposals to Government as to how these may be overcome. In the first instance, we need a greater say in the way in which enterprise, employment and skills funding can be targeted towards our specific needs.
- 5.20. Our ability to attract and retain a skilled and increasingly mobile workforce will be vital – we must attract and retain more graduates, young families who often leave the area, and knowledge workers who can exercise real choice in where they locate. Therefore, we need to continue to develop our quality of place so that it appeals to prospective workers, residents and visitors. Lifestyle factors have a major impact on where those more economically mobile chose to live.
- 5.21. Our efforts to promote economic growth must be matched by a continued improvement in the Tees Valley's quality of place. This means developing vibrant town centres with a strengthened retail and service offer, developing cultural, entertainment and leisure facilities, offering improved quality and choice of housing, building high quality educational establishments, providing sustainable transport facilities that reduce carbon emissions, and enhancing our natural environment.
- 5.22. It also requires a recognition that the Tees Valley as a whole will offer the range of facilities needed to attract growth, but that individual Boroughs will bring their own distinctive advantages to the "offer". The Northern Way's work on City Relationships emphasises the importance of the 'pull' of the economic

centre to the success of a city region, and we need to reflect this and the Work Foundation's assertion that successful city regions build on "anchor institutions".

5.23. In addition to the industrial base in the North and South Tees area, where much of the activity relating to the low carbon economy will be concentrated, the economic 'pull' of more diversified and inclusive economy for the Tees Valley will remain the centres. We have already invested in the five main centres across the Tees Valley, and we will continue to do so, particularly the following spatial areas:

- **Darlington Town Centre, Central Park and the Town Centre Fringe** – we will continue to promote Darlington as the gateway to the Tees Valley and one of our main centres, emphasising its history as a market town with independent shops, and the ambience this creates; Darlington's mainline (both road and rail) location characteristics provide a competitive location for advanced engineering, and business and professional services firms;
- **Hartlepool Town Centre, Hartlepool Marina and the housing areas of central Hartlepool** – recent regeneration expenditure at Hartlepool Marina has helped the growth of the service sector, and this needs to continue to build on the town's maritime heritage, brought to the fore during the Tall Ships Races in August 2010; its port facilities and proximity to the open water makes it a prime location for maritime engineering and offshore wind manufacturing to support national renewable energy programmes, and an innovation and skills quarter created around the new college of education will act as a catalyst for regenerating the town centre;
- **Middlesbrough Town Centre, Middlehaven, Gresham, Grove Hill, Hemlington Grange and Greater Eston** – investment in retail and cultural facilities in Middlesbrough has seen a significant growth in the service sector, and the rise of Teesside University, and the digital and multi-media investment that has been made as a result, has added to the net inward migration; there is the opportunity to develop the high level specialist retail services the Tees Valley needs and attract office development around the success of Boho, Middlehaven and Teesside University;
- **Redcar Town Centre/Sea Front and East Cleveland** – regeneration of Redcar town centre and the sea front will enhance the offer of the "urban playground" at the heart of the Tees Valley; the Wilton site and Teesport will play a fundamental role in the achievement of our forward strategy, as will the further development of land along the south bank of the River Tees; and,
- **Stockton Town Centre/Stockton Riverside** including North Shore, Northern Gateway and housing market renewal areas to the west of

Stockton Town Centre – building on the success of Teesdale and the University of Durham, we will continue to attract further development in the service and health sectors, as well as low carbon investment around Billingham; further cultural developments will also help attract investors and visitors.

- 5.24. Continuing our programme of regeneration will require new partnerships and new funding mechanisms in the same way as for low carbon investments. Middlesbrough Council has been using an asset-backed vehicle approach to advance housing developments within the Borough, recycling finance from one site to overcome barriers to investment on other sites.
- 5.25. As part of our work with the Homes and Communities Agency and the Highways Agency, methods of pump-priming investment in transport and utilities to unlock housing growth sites, and then reclaiming contributions through planning legislation have been examined in some detail. This demonstrates our commitment to look seriously at how we can develop new ways of financing the necessary infrastructure that the future economy needs.
- 5.26. In all Boroughs, we also recognise the needs of the communities outside the urban areas where business incubation space and connectivity will be vital to encourage increased entrepreneurship.
- 5.27. The Work Foundation argues strongly that housing should be linked to economic regeneration. In all five Boroughs, there is an imbalanced housing stock, with areas of older, terraced housing and planned social housing estates that no longer meet the housing needs of the present, let alone the future, residents of the area.
- 5.28. We will ensure that the range of housing available caters for the spectrum of needs and aspirations, not least by providing for households identified as being fundamental to Tees Valley's future economy. We also need to ensure that we find ways of meeting the housing needs of the elderly and other vulnerable groups, given our ageing population.
- 5.29. In particular, we will:
- Continue with our programme of renewal in those areas of greatest need;
 - Increase current levels of housing growth, ensuring that enough land, in the right locations, is available for developers to meet current and future demand for owner-occupied housing;
 - Bring the privately rented stock up to a decent standard;
 - Increase the supply of affordable housing, including using our empty homes and enabling more households to become owner occupiers through "intermediate tenure" schemes;

- Work with local communities to provide locally derived solutions to regenerate areas of low demand housing; and
 - Develop a district heating schemes to use excess heat and steam from major industrial developments to provide affordable energy to neighbouring housing areas.
- 5.30. All new housing should be sustainable in terms of energy demand, use of materials, method of construction, consumption and disposal of water, and quality of design, so that they add to the overall stock and add to the sense of place without adversely affecting the environment.
- 5.31. Indeed, all of our priorities need to be delivered in a sustainable way that helps to improve the environment of the City Region. Meeting the UK's legally binding target to reduce carbon emissions by 80% by 2050 will demand substantial changes to our economy and way of life. Rising fuel costs and climate change regulation will increasingly affect everyone, but most of the things we need to do to tackle climate change provide opportunities to improve our quality of life as well as our economy.
- 5.32. To ensure that quality of life is improved as a fundamental part of economic growth, we will:
- Implement the Tees Valley Green Infrastructure Strategy – a network of natural environment components and green/blue spaces within and between the urban centre, towns and villages;
 - Continue to promote our coastal and rural assets, protecting and making the most of what we already have in the Tees Valley;
 - Develop a “natural network” in the North Tees area through the co-ordination of the management of a number of sites centred around the RSPB Saltholme Reserve and Teesmouth National Nature Reserve;
 - Actively promote nature-based and outdoor activities and heritage and innovation; and
 - Continue to improve the physical product of Tees Valley.
- 5.33. It will be important to ensure that economic performance is underpinned by resilience, which, from an environmental perspective relates to climate change. This entails understanding the risks, planning for impacts (such as enhanced flood protection), seeking to ensure the continuity of key services, and business contingency planning.
- 5.34. It is also important to recognise the economic benefit of investment on our natural environment as part of future project appraisal, and we have been an integral part of the development of a means by which the wider benefits of the investment in green infrastructure can be captured.

- 5.35. There is a clear need to continue to improve both external and internal connectivity of the Tees Valley, although the £70 million already secured up to 2014, in our bus network, our rail network, and on our strategic road network, will go a long way to developing a reliable and integrated network.
- 5.36. It is vital that links from our key assets at Teesport and Durham Tees Valley Airport to national and international hubs and markets are maintained and built upon to support our global industries. Rail and road links between the Tees Valley and London and other city regions should also be enhanced and journey times reduced in order to optimise the accessibility of the Tees Valley to national markets.
- 5.37. Enhanced connectivity within the Tees Valley is equally important to ensure that residents and visitors can access employment, education, health care, retail, leisure and other key opportunities, not just within each community or authority area but across the area as a whole. As residential, retail and employment areas continue to be redefined, the ability to move around the Tees Valley quickly and easily continues to be of vital importance, particularly to the significant proportion of the population who do not have access to private transport.
- 5.38. It is vital, for both businesses and for individual travellers, that the resilience of our transport networks is maintained and enhanced. A degree of certainty/stability relating to journey time and network condition is vital in the day to day transport decision making for both individuals and businesses. It can also be key to long term locational decisions made by businesses. The provision of resilient and reliable transport networks is therefore vital to the Tees Valley's future economic competitiveness, building on the work already undertaken with the Highways Agency.
- 5.39. To enhance the connectivity of the City Region, we will:
- Continue to invest in our bus network alongside the 20 or so routes that will benefit from significant investment in the coming years, examining cost effective ways to provide linkages to the core commercial routes that will benefit from investment in the next five years, and developing an integrated smart ticketing system alongside other partners in the North East;
 - Work with the rail industry to secure the development of Tees Valley Metro to use the rail network in a much more efficient way to connect our main centres and service the new industries, with greater scope for the negotiation of future rail franchises to provide services that better meet the needs of future users rather than rely in historic patterns of demand and scheduling;
 - Look to develop strategic park and ride opportunities, allied to investment in “smarter choices” measures, to reduce car travel (and

hence greenhouse gas emissions) and increase access to services for all those within the Tees Valley; and

- Provide targeted highway infrastructure investment to support specific development proposals and improve the management of the strategic road network as part of a joint development plan agreed with the Highways Agency; and
- Continue to enhance links to our national and international gateways.

5.40. We have recently undertaken the first stage of a study in connectivity aimed at identifying the key transport priorities beyond 2014, all based around supporting the main economic assets whilst reducing carbon emissions. Building on our existing partnerships, this work was managed jointly with the Highways Agency and involved Network Rail and our main transport operators.

5.41. Developing a robust and coherent strategy, together with affordable priorities, for our future transport network is one task, but making it happen encounters the barrier of fragmented ownership and individual funding streams. Value for money can only be maximised in future expenditure if a mechanism is put in place for the involvement of local areas in specifying outputs that are of specific relevance to their circumstances when considering the national road and rail networks.

5.42. We would wish to promote joint investment planning approach between the Tees Valley and the national agencies, and to devolve responsibility for the appraisal of smaller scale strategic projects (below £20 million) to local partnerships to speed up the delivery of those agreed priorities that unlock private sector investment.

5.43. Better connectivity does not just mean transport, however. Improving the coverage and speed of the broadband network across the City Region will help encourage more small and medium sized businesses to locate in the area, as well as providing a virtual link to services for those in more rural locations.

5.44. We will aim to ensure that nobody is excluded from the opportunities that the City Region will offer in the future by means of where they live, or how they travel. The new opportunities in our priority areas should also be accessible to all in an equitable manner.

6. Making the Ambition a Reality

6.1. Tees Valley Unlimited cannot deliver the Statement of Ambition on its own. It needs to bring together the public sector at local, sub-national and national levels, together with the private and voluntary sectors to realise our vision. We will do this through:

- Establishing a Local Enterprise Partnership within the Tees Valley to drive forward the economic regeneration of the area;
- Preparing a complementary Investment Plan, which will link the growth of the key economic sectors with the development of the Tees Valley as a place (infrastructure, housing, skills and transport), and will include a process for monitoring and reviewing its activity;
- Engaging with the private sector to deliver the Statement of Ambition, supporting economic activity which operates across administrative boundaries (for example, labour and housing markets);
- Working with our neighbouring authorities and partnerships on issues that affect a wider area, such as low carbon vehicles, offshore wind, carbon capture and storage, European programmes, energy and tourism;
- Influencing national policy to secure resources, shape strategy and tackle barriers to investment resulting from the operations of Government and its agencies;
- Taking a lead in securing the investment required for our priority sectors, and working even more closely together to ensure we lever in the greatest amount of complementary investment;
- Examining new ways of funding our priorities, including prudential borrowing, joint ventures, pump-priming of infrastructure, tax increment finance, asset-backed vehicles and the potential for a Tees Valley Investment Bank, as well as the use of public sector capital assets in Tees Valley to promote regeneration and housing within a joint vehicle for investment; and
- Working with the voluntary sector to ensure that the outcomes are felt across the Tees Valley and that the issue of a polarised society is tackled.

6.2. The ability to work together at all levels behind the ambition set out in this Statement will be the critical factor in making the most of our opportunities. Delivering our interventions and realising our goals will be difficult, but the assets that we have, and our belief in this Statement, mean that we can play a major role in the recovery of the UK economy and become a global force in the new industries and new jobs of the future.

- 6.3. Through preparing this Statement at this time, Tees Valley Unlimited has tried to set out a common vision in which everybody within the area can see a future where their aspirations can be met and their talents fulfilled. We need to communicate the key themes from this Statement to all our residents, workers and visitors because they are the facilitators and the beneficiaries.
- 6.4. At the end of this Statement, however, we have one clear message – **this is the Tees Valley, and this is where we are going.**



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

Web: www.teesvalleyunlimited.gov.uk

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