

EMPLOYMENT AND SKILLS BOARD

Meeting to be held in the LSC offices, Wynyard Park House, Wynyard Avenue, Billingham TS22 5TB (formerly the Samsung Training Offices) on Tuesday 29th January 2008 at 2.00 pm

INVITEES

Chris Roberts	Learning & Skills Council	Chair
Steve Davidson	Jobcentre Plus	
Ann Baxter	Stockton on Tees BC	
Murray Rose	Darlington BC	
Jan Douglas	Middlesbrough BC	
Maurice Bates	Redcar & Cleveland BC	
Adrienne Simcock	Hartlepool BC	
Gwenda Lyn Jones	Darlington BC	
Antony Steinberg	Hartlepool BC	
Mark Rowell	Stockton on Tees BC	
Councillor Mark Hannon	Redcar & Cleveland BC	
Sandra Cartlidge	Middlesbrough BC	
Cynthia Welbourn	North Yorkshire CC	
Karen Milburn	Skillshare North East (VCS)	
David Willshaw	Colleges of Further Education	
Bob Ward	Durham CC	
Nick James	Learning and Skills Council	
Chris Livingstone	Jobcentre Plus	
Professor Cliff Allan	University of Teesside	
Mike Lakinski	Business Link North East	
Keith Hunter	TTE	
Terry Owens	Inbiz	
Professor Ray Hudson	University of Durham	
Malcolm Potter	Tees Valley Engineering Partnership	
Robin Beveridge	One NorthEast	
Neil Kenley	Tees Valley Regeneration	
Jeff Fowler	TUC	
Joanne Wilson	TRMS Online	
Richard Brine	Corus	
Colin Stratton	Federation of Small Businesses	
Stewart Atkinson	Tees Valley Training Providers Forum	
John Lowther	Tees Valley Joint Strategy Unit	

OBSERVERS

Jonathan Spruce

Tees Valley Joint Strategy Unit

EMPLOYMENT & SKILLS BOARD

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1	CHAIR'S WELCOME AND INTRODUCTIONS	Chris Roberts	
2	APOLOGIES		
3	NOTE OF MEETING ON 29 OCTOBER 2007	Attached	
4	TEES VALLEY CITY REGION – HIGHER SKILLS STRATEGY AND ACTION PLAN	Attached/Presentation	Professor Graham Henderson
5	EMPLOYMENT AND SKILLS BOARD REVISED PROPOSALS PAPER INCLUDING EMPLOYER ENGAGEMENT MECHANISMS	Attached	Nick James
6	TEES VALLEY BUSINESS SUPPORT – 'THE SINGLE OFFER'	Presentation	Chris Livingstone
7	UPDATE ON MAA	Attached	John Lowther
8	PRACTICAL EXAMPLES OF FRAMEWORKS TO MEET EMPLOYER DEMAND FROM THE AVAILABLE LABOUR MARKET: NEPIC ROUTEWAY	Presentation	Chris Livingstone
	CONSTRUCTION EMPLOYMENT INTEGRATOR	Presentation	Rod Varley Diane Martin

Q AND A AND FEEDBACK

9 ANY OTHER BUSINESS

10 DATE OF NEXT MEETING(S)

- Tuesday 29th April 2008
- Tuesday 29th July 2008
- Tuesday 28th October 2008
- Tuesday 27th January 2009

EMPLOYMENT AND SKILLS BOARD

**Meeting held in the LSC offices, Wynyard Park House, Wynyard Avenue,
Billingham, TS22 5TB (formerly the Samsung Training Offices)
at 2.00pm on Monday 29th October 2007**

ATTENDEES

Steve Davidson	Jobcentre Plus	Chair
Tom Crompton	Learning & Skills Council	
Jan Douglas	Middlesbrough BC	
Allan Cassidy (attending for Maurice Bates)	Redcar & Cleveland BC	
Gwenda Lyn Jones	Darlington BC	
Antony Steinberg	Hartlepool BC	
Mark Rowell	Stockton on Tees BC	
Sandra Cartlidge	Middlesbrough BC	
Cynthia Welbourn	North Yorkshire CC	
Karen Milburn	Skills Share North East (VCS)	
Shaun Place (attending for David Wilshaw)	Colleges of Further Education	
Bob Ward	Durham CC	
Nick James	Learning and Skills Council	
Chris Livingstone	Jobcentre Plus	
Laura Woods (attending for Professor Cliff Allan)	University of Teesside	
Mike Lakinski	Business Link North East	
Keith Hunter	TTE	
Terry Owens	Inbiz	
Professor Ray Hudson	University of Durham	
Malcolm Potter	Tees Valley Engineering Partnership	
Robin Beveridge	One NorthEast	
Neil Kenley	Tees Valley Regeneration	
Richard Brine	Corus	
Colin Stratton	Federation of Small Businesses	
Stewart Atkinson	Tees Valley Training Providers Forum	
John Lowther	Tees Valley Joint Strategy Unit	

APOLOGIES

Murray Rose	Darlington BC
Mike Lakinski	Business Link North East
David Wilshaw	Colleges of Further Education
Ann Baxter	Stockton BC
Jeff Fowler	TUC
Maurice Bates	Redcar and Cleveland BC
Professor Cliff Allan	University of Teesside
Chris Roberts	Learning & Skills Council
Joanne Wilson	TRMS Online
Adrienne Simcock	Hartlepool BC
Jonathon Spruce	Tees Valley Joint Strategy Unit

Action

1 CHAIR'S WELCOME AND INTRODUCTIONS

- 1.1 SD thanked NJ for hospitality and welcomed attendees to the meeting.
- 1.2 SD stated that the first meeting was setting the background and as a consequence there had been a lot of information to disseminate. He then stated that there were 3 main items on today's agenda.

2 APOLOGIES

- 2.1 As noted previously.

3 MINUTES OF THE LAST MEETING

- 3.1 The minutes were agreed as a true record.
- 3.2 With regard to minute 4, CL confirmed that a presentation on the Regional Employability Framework was made in September. She stated the intention to arrange future ones to ensure that all representatives had an opportunity to attend.
- 3.3 With regard to minute 11, SD confirmed that the parties had met and the report forms the main item on the agenda.

4 EMPLOYMENT AND SKILLS BOARD PROPOSALS PAPER

SD gave Chris Roberts' apologies and stated that NJ was to present the Shared Intelligence Report – Employment and Skills Board in the North East.

NJ stated that the Leitch report is good but that it is not prescriptive about the way that Boards should be formed. The decision to form the Board was taken as part of Tees Valley Unlimited and it now needs to decide what is required. There are two major issues from the Shared Intelligence report

Action

- No prescribed structure
- Employer engagement

NJ continued that the report is out for consultation and opened the discussion to enable a collective response be made. SD stated that it is an opportunity to influence how the Board develops and requested that all comments be forwarded to JL by 16th November 07 to enable a report to be prepared for presentation to the CEs on 29 November 07.

ALL

JL stated the TVU need to have influence in the delivery and to make sure that the linkages are properly put together.

He continued that he is impressed with the sector skills agencies and the issue is how to get them involved

He referred to the 14/19 year old agenda group, which the LAs are responsible for delivering and asked how it will be delivered. He stated that there are two papers - an Analysis and a report from the Regional Skills Partnership that is for consultation, which he intends taking to the TVU Executive Group.

SD enquired whether the representatives from the five LAs had any thoughts.

GLJ advised that DBC have had one meeting and that the initial reaction is that it is highly complex and that there will be an opportunity for the Board to help.

AC stated that it is very early days and that the guidance he has seen indicates that further guidance will be issued in the new year. The edict is to rationalise and this will involve the development of a Children's trust for delivery of integrated services. He stated that they would need some guidance.

SA stated that some guidance was published today.

All discussed the issue of employer engagement in detail. MP stated that there is interest in working within the engineering sector but people will also cross boundaries and therefore a co-ordinating body is required. KH stated that a sectorial approach is required as the needs of sectors are entirely different – one size does not fit all. SD and KH stated that NEPIC would give clear guidance.

5 THE EMPLOYER'S VIEW OF ENGAGEMENT IN SKILLS PLANING AND DELIVERY

Action

CL introduced the item and stated that there is a plethora of examples where this has not worked. She stated that employers want to engage, listen and respond.

CL requested that the Group split into three syndicates and circulated papers indicating the delegates in each syndicate and three questions for discussion and presentation to the rest of the group.

A member of each syndicate fed back their discussion and all discussed. CL stated that she is to arrange a meeting with NJ and representatives from each syndicate to discuss all of the issues raised and to prepare a report for circulation detailing a short-term, medium-term and long-term strategy. She stated that a special Board meeting would be arranged to discuss the proposals.

CL

SD thanked everyone for their input.

6 CURRENT ACTIVITIES TO ADDRESS WORKLESSNESS/EMPLOYABILITY IN THE TEES VALLEY

CL gave a presentation on the current activities in Tees Valley to address worklessness.

All discussed and agreed that there needs to be a long-term sustainable strategy to overarch and influence the strategic partnerships strategy. This framework is split into

- 19 year olds and below
- Post 19 years old through employment plans etc.

7 ANY OTHER BUSINESS

- 7.1 CL stated that there is a presentation on the Shared Intelligence report on 12th November 07 and that invitations have been sent. NJ stated that it is an 'open house'.

8 DATE OF NEXT MEETING

Tuesday 29th January 08 at 2.00 p.m. in the LSC Offices, Wynyard Park House, Wynyard Avenue, Billingham.

Report of:	Director of Tees Valley Joint Strategy Unit
Report to:	Employment and Skills Board
Date:	29 January 2008
Subject:	High Level Skills Strategy and Action Plan – work in progress
Item for:	Discussion

1 PURPOSE OF REPORT

Following on discussions at Tees Valley Unlimited Leadership Board, Prof Graham Henderson (Vice Chancellor at University of Teesside), agreed to prepare a High Level Skills Strategy and Action Plan. Work on this Strategy is still ongoing, but the main emerging points are summarised in this report. Prof. Henderson will continue to report to the Leadership Board and to liaise with the Employment and Skills Board as the Strategy develops. Professor Henderson will present this draft report to the Employment and Skills Board at this meeting for discussion.

2 BACKGROUND

Prof. Henderson's report particularly tries to explore and develop the linkages between Universities and employers. The drivers for this approach are national, regional and sub-regional.

The Leitch Review of Skills (2006) sets a target that by 2020, over 40% of the working age population should be qualified to Level 4 (that is degree or equivalent). This compares with a current national figure of 27%. National and local demographic changes as well as changes in the structure of the economy, mean that a substantial part of this increase needs to be drawn from the existing workforce.

The Sainsbury Report (2007) identifies long standing engagement between Universities/ Colleges in areas such as research and knowledge transfer. From an employer perspective, *the Wedgewood Report (2007)* says that employers require "value for money" and real "business added value" but that this is not always matched by prioritising workforce development and an understanding of what is available.

At regional level, the *Skills North East Action Plan (2006)* states that "considerable work remains to be done to ensure that the Region has the

intermediate and higher level skills necessary to support growth, innovation and productivity.....and that particular attention should be focussed on higher level skills”.

At City Region level, the link between higher level skills and productivity needs to be translated into a focus on the priority sectors and the major regeneration opportunities in the City Region. This needs to be achieved against a backdrop of a comparatively low level of skills and economic activity in the Tees Valley. It is estimated that approximately 21% of the Tees Valley workforce is qualified to Level 4 or above, compared to the national figure of 27% and the Leitch target of 40%.

The conclusions of this analysis are that:

- Higher Education must accelerate the process of changing the way it does business if it is to achieve the step change in the delivery of higher education to the workforce.
- A “new tradition” of Higher Education is emerging based on accessibility, flexibility and responsiveness to address the various needs of employers and employees.
- The market for higher level skills is released when providers and employers work closely together, so building direct relationships is critical to future change. Targeted investment will help raise awareness of the impact of training on productivity and performance in the workplace and build capacity.

3 THE STRATEGY

Prof Henderson’s report identifies a number of principles for Higher Skills development that the Strategy must be based on:

- A single framework for Higher Skills development within the Tees Valley
- The priorities given in the Tees Valley City Region Development Plan and Regional Economic Strategy
- The particular strengths and differences within the Tees Valley – in its business sector, the relationships between Further and Higher Education, diversity of higher level skills providers and the relatively low proportion of the population already at Level 4
- The need to increase availability of both generic and sector specific skills
- The need to raise awareness amongst employers of the “business added value” of higher level skills
- Extending opportunities for those qualified to Level 3 to acquire relevant higher level skills
- Facilitation of sustainable partnerships between Higher Education/ Colleges and employers and more flexibility in meeting the needs of employers and individuals whilst remaining engaged in the workforce.

Based on these principles, the report identifies a number of actions:

- Policy development – actively extend Tees Valley representation in national/ regional policy, develop the Employment and Skills Group as a forum for debate and rationalise activities and access to services.
- Meeting the needs of individuals, employers and the Tees Valley economy – working with providers to map progression opportunities within the key business sectors to develop a “comprehensive set of guaranteed progression routes” and extend the academic strength in key areas across the Tees Valley; develop a generic “Foundation Degree” programme for each of the priority sectors in collaboration with relevant Sector Skills Councils; enhance graduate retention and support placements, internships, research and knowledge transfer.
- Awareness raising – develop strong links between schools, Colleges and Universities; develop a communications campaign to raise employer and employee awareness of higher level skills and their value; develop a “passport” scheme to maximise progression into Higher Education.
- Accessibility – provide one stop shop to meet all the skill needs of employers; use Higher Education in Further Education colleges through a distributed University in each College. Such centres would be both a community resource and an opportunity for wider engagement with employers.
- Fitness for purpose – use the Tees Valley Unlimited structure to monitor provision and continually reinforce accredited higher level learning, encourage providers to adopt new approaches and work with Sector Skills Councils.
- Supporting Growth – support Further and Higher Education providers to work closely together and co-ordinate approaches to adult learning; provide active support for bids for resources (eg ERDF, HEFCE) to focus on priority sectors and develop capacity and delivery.
- Accreditation – use the University sectors powers to accredit nationally recognised qualifications to respond to rising demand and deliver higher level skills programmes in a radically different way.

4 CONCLUSIONS

There is a need to substantially raise the higher level skills base of the Tees Valley City Region. This is to meet both the future needs of the national economy and the specific sector and regeneration needs of the Tees Valley.

Prof. Hendersons report provides a useful way forward to addressing a number of issues relating to employer awareness, delivery of higher level skills through progression routes and flexible approaches and joint working amongst providers.

Simultaneously, work is underway on development of an “Employability” Strategy for Tees Valley. If these two strategies are developed, they will provide a clear and comprehensive blueprint and action plan for employment and skills in the Tees Valley.

Prof Henderson will continue to report to the full Leadership Board on the issue of higher level skills and to consult on the approach. Any initial thoughts

from Board members are most welcome. The LSC, Jobcentre plus and Joint Strategy Unit will continue to work with Prof. Henderson to develop this Strategy.

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Agenda Item 5

Report of:	Director of Joint Strategy Unit
Report to:	Employment and Skills Board
Date:	29 January 2008
Subject:	Employment and Skills Board Revised Proposals Paper including Employer Engagement Mechanisms
Item for:	Discussion

SUMMARY

The Tees Valley Unlimited Executive Board asked the Learning and Skills Council to produce for its meeting at the end of February a paper on the role, structure and functions of the Tees Valley Unlimited Employment and Skills Board. This report sets out some initial ideas on which the Board's views are requested so that they can feed into the report produced for the Executive at the end of February.

1 PURPOSE OF REPORT

The Tees Valley Unlimited Executive Board asked the Learning and Skills Council to produce for its meeting at the end of February a paper on the role, structure and functions of the Tees Valley Unlimited Employment and Skills Board. This report sets out some initial ideas on which the Board's views are requested so that they can feed into the report produced for the Executive at the end of February.

2 VISION OF GROUP

To lead the preparation and delivery of an Employment and Skills Strategy for the Tees Valley City Region, increasing employment rates and meeting the future skills needs of the City Region economy.

3 PRINCIPLES OF GROUP

- Economy focused
- "Engage, Listen and Respond" to voices of employers and economic needs of City Region
- Clear priorities and consequently clear about what will not be done
- Focus on enhancing communication and relationships not on development of more groups, projects or initiatives
- National and regional context but responsible for co-ordination of sub-regional delivery
- Clear about impact and difference made; not regurgitation of previous work.
- Clear employer engagement without employers having to take part in endless meetings or procedures
- Focus on greater integration of resources to meet the needs of the City Region economy and on shared ownership of actions

4 PRIORITIES

Initial priorities of the Group are:

- Improving the level of skills available to employers in the six priority sectors of the City Region
- Increasing the numbers of people from disadvantaged communities in the City Region in employment
- Joining up the current and planned actions of main public sector partners
- Responding to the needs of employers and communities in the Tees Valley

(More detail of specific success measures for these priorities will be developed once these priorities have been agreed).

5 STRUCTURE AND MEMBERSHIP

The Leitch report gives an indication of the role and membership of “Employment and Skills Boards”. Work carried out in the Region for LSC and One North East gives an indication of potential structures in the Region. Neither of these pieces of work is prescriptive about the membership and scope of such Boards.

The proposed Tees Valley Unlimited Employment and Skills Board recognises these developments; irrespective of national and regional developments, there is a need to develop a sharper Employment and Skills focus within the Tees Valley Unlimited Partnership. The creation of the Group will also ensure parity with the other areas of the partnerships work, such as Housing and Tourism where such structures are already in place. There is also a requirement for the Tees Valley Unlimited Partnership to deliver on the “sophisticated skills strategy” arising from the “Peer Assist” review in February 2007.

Dialogue with employers and employer groups in Tees Valley has specifically stated that:

- Employers do not want to be part of overbearing structures
- Employers have already expressed their priorities and needs – there is therefore no need for employers to repeat such messages through this type of Board structure.
- There is a plethora of employer groups interested in employment and skills issues – national, regional, professional bodies, sub-regional, sector interest, local.

With these points in mind, the proposed Group membership is as follows:

Business Link North East – as the principal and increasing point of contact for employers skills needs through the Brokerage model.

Job Centre plus – as the lead deliverer of support for economically inactive, unemployed and employers working with such groups; lead for Local Employment Partnerships;

Learning and Skills Council – as the main funder of adult learning and workforce development in the sub Region

Joint Strategy Unit – as the responsible body for delivery of the City Region Business Plan and associated Multi Area Agreement

University of Teesside – as the main focus for higher level skills in the sub region

University of Durham – as a significant higher education provider with a strong presence in the sub region

CBI, North East Chamber of Commerce and Federation of Small Businesses – as cross sector bodies, representing the views of a large number of employers and providing a clear communication channel to employers

(Please see section below for detail of other employer related inputs to this work)

Local Authorities – there are five Unitary authorities within the Tees Valley, three District Councils in County Durham who link strongly to the City Region, two District Councils in North Yorkshire, who abut the Tees Valley and two County Councils – North Yorkshire and Durham – who can contribute to the economic development of the City Region. Inclusion of all these authorities would add 12 members to the Group. However, the local authorities have a multiple role to play – they have a lead strategic role in economic development as well as an increasing role in local commissioning of education. Local authorities also have a lead role in co-ordinating Local Strategic Partnerships in each of their areas. Finally, some local authorities are deliverers of skills and employment services themselves.

It is therefore proposed that each of the five Tees Valley Borough Councils plus representatives of both North Yorkshire and Durham County Councils are invited on to the Board. It is recognised that with effect from April 2009, it is expected that Durham will be covered by a single Unitary Authority in any case. This will provide a total of seven local authority group members – consideration needs to be given as to how local authorities membership reflects both their economic development and education roles. It is therefore suggested that:

Three of the seven members be drawn from a Childrens Trust/ Education background – two from the five Tees Valley unitaries and one from either of the existing County Councils.

Four of the seven members be drawn from an economic development background – that is, three of the Tees Valley Districts plus one of the County Councils.

Exact membership will need to be discussed with the local authorities concerned once the Group structure is agreed.

This would give a total Group membership of a maximum of 16 – eight local authority partners (including JSU) and eight non local authority partners.

Consideration needs to be given to the arrangements for a Chair of the Group. The following would appear to be the principal options:

- An independent, employer as Chair. This would enable the Group to be employer focussed; it may need the creation of an additional place on the Board.
- Retention of the current arrangement. The “interim” Group has been jointly chaired by LSC (Regional Director) and JobCentre plus (Area Director). This would provide some continuity but not an employer focus.

- Any other public sector partner – as an alternative to the current arrangement, the Chair could be drawn from the range of other public sector partners on the Group, such as Business Link or Joint Strategy Unit. This would provide public sector leadership and an impartial view.
- A representative of the Tees Valley Unlimited Leadership Board. The Leadership Board contains representatives from each of the five local authorities in Tees Valley plus five independent employers. A member of the Board could usefully act as Chair of the Group as well as providing communication between the Group and the Board.

6 WIDER EMPLOYER ENGAGEMENT

Feedback from local employers and employer groups has stated that employers in Tees Valley do not want to be involved in yet more groups and feel that they have already expressed their skills and employment needs.

There are a plethora of employer based organisations, who could be considered to have a legitimate voice and need to be involved in the Groups work. Although there are a plethora of groups, not all employers necessarily consider themselves to be represented by any of these groups – there is therefore a need to capture a wider, generic voice.

It is therefore proposed that, whilst CBI, Chamber and FSB will be integral members of the Group to provide a generic employer voice, there will be clear and distinct communication channels put in place for a number of employer and community related groups and for a new group of employers from across Tees Valley City Region who will provide the mechanism for the Group to “Engage, Listen and Respond”.

The following groups have been identified:

- Alliance and Leicester
- Arts Council
- Bank of Scotland
- Barclays – Tees
- Be Enterprising
- Chartered Institute of Marketing
- HSBC
- Lloyds TSB
- Manufacturing Advisory Service
- Natwest
- NEPIC
- North East Centre for Procurement
- North East Enterprise Agencies
- Northern Film and Media
- Regional Technology Centre
- Service Network

- Tees Valley Engineering Partnership
- Visit Tees Valley
- Other various Chartered Institutes
- NHS
- Local Authority Employers Group
- Darlington Employers Group

As well as these local and regional organisations, the Group needs to focus on the priority sectors identified in the Tees Valley City Region Business Case. There is therefore a specific need for the Group to “engage, listen and respond” with the respective Sector Skills Councils for these sectors. Some of these Sector Skills Councils are well established in the Region; others do not have a regional presence. There are 24 Sector Skills Councils; the following are considered most appropriate for the priorities of the Group:

- Cogent - Sector Skills Council for Chemicals, oil and gas etc.
- SEMTA – Sector Skills Council for science, engineering and manufacturing
- EU Skills – Electricity, gas, water, waste
- Summit Skills – Building Services, engineering
- People 1st – Hospitality, Leisure, Travel and Tourism
- Go Skills – Passenger Transport
- Skills for Logistics – Freight logistics
- Financial Services Skills – Financial Services sector
- Skillset – broadcast, film, video, interactive media

In addition to this, Job Centre plus have identified a group of up to 20 individual employers who have expressed interest in being involved in the Groups work. These will be used individually and as a group as an additional channel of communication and action. Job Centre plus will continue to identify potentially interested employers on an ongoing basis to both grow this group and to replace any employers who no longer take part.

7. WIDER COMMUNITY ENGAGEMENT

As described earlier there are a range of existing community based partnerships, who represent the needs of particular geographical areas or groups.

It is not proposed to duplicate any of these groups or create any additional groups. Instead, the group will “Engage, Listen and Respond” to a range of pre-identified existing groups, including Local Strategic Partnerships for each of the Local Authority Districts covered by the City Region. Advice will be sought from local authorities and the five LSPs as to individual groups that should be incorporated as main points of contact for the Group. In most cases, it is expected that these will be existing groups/ organisations or variations of existing groups.

8 CONCLUSION

The views of the “Interim Board” are sought on the Vision, Principles, Priorities and Membership of the Employment and Skills Board for agreement by the Tees Valley Unlimited Leadership Board.

The views of the “Interim Board” are sought on the preferred arrangements for Chairing of the proposed Group.

The “Interim Board” agree to preparation of a more detailed “Terms of Reference” for the proposed Group.

The “Interim Board” agree to the preparation of a more detailed Communication Plan to formalise wider engagement of employers and local communities.

It is suggested that work could start on the third and fourth bullets given above in advance of agreement by the Leadership Board; this will expedite the work that is likely to be required following the Leadership Board meeting.

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Report of: Director of Joint Strategy Unit
Report to: Employment and Skills Board
Date: Tuesday 29 January 2008
Subject: MULTI-AREA AGREEMENT
Item for: Information

SUMMARY

1. The purpose of this report is to provide the Board with an update on the context and content of the proposed Multi-Area Agreement (MAA).
2. The Tees Valley was confirmed as one of 13 'pilot' MAAs by the Secretary of State for Communities and Local Government (CLG) in November 2007, and were invited to present the outline proposals as one of a smaller number of 'demonstrator' projects in December 2007.
3. The report sets out the sets out the context and principles of the MAA, the framework within which the agreement has been developed and the proposed "offer" to Government which will be the subject of negotiations with Government in the early part of 2008.
4. The report is presented to the Board for information, and throughout the report, reference is made to the particular implications of the proposed MAA for the Board.

1. BACKGROUND AND PURPOSE OF REPORT

- 1.1 The Tees Valley City Region Business Case, prepared in October 2006, made reference to the intention of the City Region to negotiate a Multi-Area Agreement (MAA) with Government to allow more efficient delivery of our key priority interventions in regeneration, housing and transport. These priority interventions were themselves identified in the supporting City Region Investment Plan.
- 1.2 Since the submission of the Business Case, further work has been undertaken to develop the proposed MAA. In particular, two draft MAAs have been prepared, the second of which has been discussed by the Tees Valley Chief Executives, particularly in relation to the freedoms and flexibilities that the City Region would wish to see within the MAA. Senior Officers at the JSU have also presented the outline proposals at a number of seminars, including one in July facilitated by Communities and Local Government (CLG) and a subsequent Government Office North East (GONE) seminar, in recognition of the forward thinking nature of the MAA proposed.
- 1.3 This recognition was formalised by the announcement by the Secretary of State in November 2007 that the Tees Valley is to be one of 13 City Regions and areas with which Government will seek to work to firm up the proposals for an MAA as a 'pilot'. In December 2007, the Tees Valley was confirmed as a 'demonstrator' MAA, which will facilitate even closer working with Government to develop a set of agreed freedoms and flexibilities.
- 1.4 The report sets out the context and principles of the MAA, the framework within which the agreement has been developed and the proposed "offer" to Government which will be the subject of negotiations with Government in the early part of 2008. Throughout the report, reference is made to the particular implications of the proposed MAA for the Board.

2. CONTEXT OF THE MAA

- 2.1 The MAA is intended principally as a mechanism to help to deliver the priorities identified within the Business Case and the Investment Plan in order to improve economic performance and hence quality of life. It is also intended to be simple and flexible, principles that have found favour with Government.
- 2.2 The draft MAA includes proposals to align the three capital funding streams of:
 - Economic development/regeneration funding (through the single programme) from ONE;
 - Transport funding from Regional Transport Board (through the Regional Funding Allocation process) and DfT; and
 - Housing market renewal from CLG and the Regional Housing Board.

At this stage it does not cover the skills/employability area.

- 2.3 Therefore, it is important to recognise that the programmes within these three funding streams will also form part of the MAA Framework as a supporting document. The Investment Plan has been taken forward by developing three more detailed documents – the Single Programme Delivery Plan, the City Region Transport Strategy and the Housing Market Renewal Business Case.
- 2.4 The figure at the end of this report illustrates this context and emphasises why these more detailed plans are important within Tees Valley Unlimited due to its relationship with the MAA. It is intended that it will be these more detailed plans that are reviewed and updated regularly, rather than the MAA or the Business Case.
- 2.5 The most important of these documents for this Board is the Single Programme Delivery Plan, which sets out the key regeneration aspirations over the next five year period. A draft Delivery Plan has been prepared and is currently under negotiation with One NorthEast (ONE) as the principal funding mechanism. Once these negotiations have been concluded, the draft Plan will be presented to the Board for approval.

3. PRINCIPLES AND OBJECTIVES OF THE MAA

- 3.1 The principles of the MAA have been discussed by the Tees Valley Chief Executives and key Partners, and can be summarised as follows:
- The MAA is a mechanism to help to deliver the priorities identified within the Business Case in order to improve economic performance and hence quality of life;
 - The MAA is complementary to Local Area Agreements, but not in a hierarchical sense – It will draw on local priorities, but not take precedence over them;
 - The MAA is intended to cover the three main capital funding streams that will support the transformational projects in terms of regeneration, housing and transport; and
 - The MAA is intended to be simple and flexible.
- 3.2 These principles have found favour with CLG, and although there has been some indication about whether the City Region would be prepared to extend the MAA to other areas, including skills, crime and health, it has been agreed that the initial MAA should concentrate on these principles as set out, whilst allowing the opportunity for the MAA to be extended at a later date.
- 3.3 For the Employment and Skills Board, it reflects one of the objectives of the new governance structure, in trying to co-ordinate the delivery of projects of a City Region scale in a more effective way.
- 3.4 The objective of the MAA is also straightforward and has been presented to the Tees Valley Unlimited Executive Board previously:

“To deliver the agreed investment priorities earlier than would otherwise have been the case, and more cost effectively, through the integration of physical and fiscal resources and a strong and accountable governance structure within a defined performance monitoring framework.”

3.5 Again, the clarity and simplicity of this objective has been recognised, and it is in line with the agreed terms of reference of the Board.

3.6 In addition to this main objective, a number of supplementary objectives have also been suggested:

- Shortened timescales;
- Better co-ordination of delivery;
- Greater return on investment; and
- Generating increased economic growth (GVA).

3.7 The latter supporting objective in particular has a close relationship with the new PSA Targets and Central Government objectives, is a recurring theme of the Sub National Review, and was a key aim of the City Region Business Case. Understanding this starts to form the basis of the MAA “offer” to Government.

4. FRAMEWORK OF THE MAA

4.1 Given the agreed objective of the MAA, this has been taken forward into developing four elements from the objective that comprise the MAA. These elements are:

- Priorities - “what” and “when”;
- Resources - “how”;
- Governance - “how”; and
- Performance Monitoring - “why”.

4.2 These elements are intended to be clear and concise, and linked directly to the objectives of the MAA. Again, these link clearly to the remit of this Board, and the draft Single Programme Delivery Plan contains more details on each, particularly the actual priorities and resources proposed and the anticipated outputs.

4.3 Through the drafting of the MAA, and further discussions with Chief Executives, a series of “asks” were developed under each of these elements. These were intended to form the detail of the MAA “offer”.

4.4 For Priorities and Resources, the “asks” were:

- Agreement to broad programme of strategic investment priorities at an early stage, yet to be fully appraised;
- Investment Priorities to be taken directly from City Region Investment Plan;
- Certainty of funding over a defined time period (5 or 3 + 2 years), with bi-annual review and renewal;
- Appraisal of project of value less than £5 million to rest with Tees Valley Unlimited;
- Ability to vire resources across different disciplines (and funding streams); and
- Ability to re-profile the sequencing of individual projects, up to 25% of project value or total in any given year.

4.5 For Governance and Performance Monitoring, the “asks” were:

- Support for flexible governance arrangements suggested;
- Tees Valley Unlimited to become a statutory consultee in addition to Local Authorities;
- MAA to be between Tees Valley Unlimited and Government;
- ‘Buy in’ across all Government departments;
- Common appraisal system based on Treasury Green Book; and
- Streamlined approach to performance monitoring.

4.6 When considered in more detail, many of these can be agreed or delivered without a new MAA – in fact, around 80% of the “asks” do not actually involve a new form of agreement with Government, and, in many cases, significant progress has already been made in securing any necessary concessions.

4.7 For example:

- The Investment Plan has been recognised as having a solid economic analysis underpinning it, and the development of the more detailed programmes within each of the three supporting documents conforms to expected funding envelopes;
- Discussions are progressing with ONE as to amended appraisal limits for projects within the City Region;
- The Secretary of State endorsed the new governance arrangements in a speech on 16 November 2007 to the North East Economic Forum;

- The Minister for the North East has indicated that Tees Valley Unlimited could become a statutory consultee and sign the MAA; and
- The Comprehensive Spending Review (CSR) and new national indicator framework provides for a streamlined appraisal process, and work is underway with the Tees Valley Authorities to develop a set of draft MAA indicators that complement the five LAAs being developed.

4.8 This just leaves four “asks” that are not being progressed and are most likely to require new agreements with Government:

- Certainty of funding over a defined time period (5 or 3 + 2 years), with bi-annual review and renewal;
- Ability to vire resources across different disciplines (and funding streams);
- Ability to re-profile the sequencing of individual projects, up to 25% of project value or total in any given year; and
- A common appraisal methodology to be developed and agreed with funding partners and Government departments.

4.9 These therefore form the basis of the proposed MAA “offer” and will be the subject of the more detailed negotiations with Government over the coming months, in close consultation with both ONE and Government Office North East.

5. RECOMMENDATION

5.1 The Board is asked to note progress with the development of the MAA, and the possible future implications for its work programme.

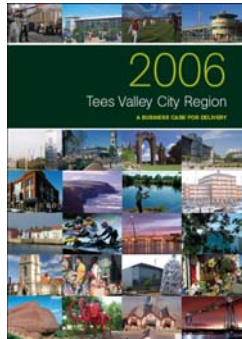
Originator: John Lowther, Director, Joint Strategy Unit

Contact Tel: 01642 264800

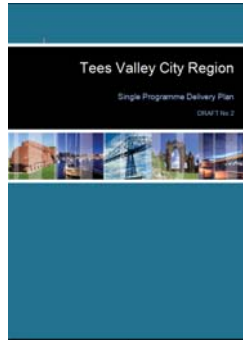
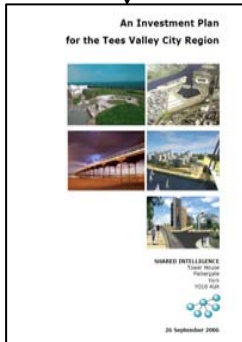
E-mail: john.lowther@teesvalley-jsu.gov.uk

Context of the MAA

Business Case



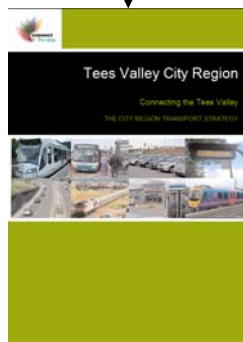
Investment Plan



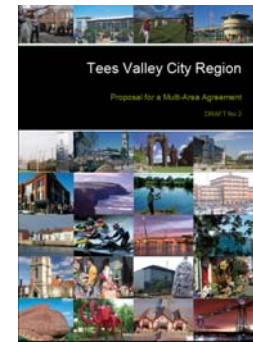
Single Programme Delivery Plan



Housing Market Renewal Business Case



City Region Transport Strategy



Draft MAA

