

ECONOMIC STRATEGY BOARD

**Meeting to be held at the Room L, Education Centre, Junction Road, Norton,
Stockton, TS20 1PR**

At 2.00 pm on Tuesday 21 April 2009

INVITEES

Councillor Bob Cook	Stockton on Tees BC
Councillor David Budd	Middlesbrough BC
Councillor John Williams	Darlington BC
Stuart Drummond	Hartlepool BC
Councillor Mark Hannon	Redcar & Cleveland BC
Kevin Parkes	Middlesbrough BC
Richard Alty	Darlington BC
Peter Scott	Hartlepool BC
Richard Poundford	Stockton BC
Ian Wardle	Redcar & Cleveland BC
Joe Docherty	Tees Valley Regeneration
Mike McNulty	Environment Agency
Stan Higgins	NEPIC
Nigel Perry	Centre for Process Innovation
Malcolm Potter	Tees Engineering Alliance
Nick Muse	One NorthEast
Jonathan Lamb	Business Link North East
Paul Whitaker	North Yorkshire County Council
Keith Robinson	Keith Robinson & Co
John Irwin	Storey:ssp
Nigel Kidwell	Jacksons Solicitors
Bob Ward	Durham County Council
Geoff Herbert/David Elliott/Pauline Elliott	Hambleton/Richmondshire/Scarborough
John Anderson	Darlington Borough Council
John Lowther	Tees Valley Joint Strategy Unit
Jonathan Spruce	Tees Valley Joint Strategy Unit

OBSERVERS

Peter Bell

Stockton on Tees Borough Council

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Stockton, TS20 1PR**

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|----|---|--------------|--------------------------------|
| 1 | APOLOGIES | | |
| 2 | CONFLICTS OF INTEREST | | |
| 3 | NOTES OF MEETING ON 13 JANUARY 2009 | Attached | |
| 4 | MATTERS ARISING | | |
| 5 | NORTH AND SOUTH TEES PROJECT EXCEPTION REPORT | Attached | Jonathan Spruce/Sarah Tennison |
| 6 | THE CREDIT CRUNCH AND ITS IMPACT ON THE PROCESS INDUSTRY | Presentation | John Lowther |
| 7 | DURHAM TEES VALLEY TO HEATHROW FLIGHTS – ACTION FOLLOWING MEETING WITH MINISTER | Attached | John Lowther |
| 8 | CITY REGION FORERUNNER PROPOSAL | Attached | Linda Edworthy |
| 9 | REGIONAL FUNDING ADVICE ROUND 2 | Verbal | John Lowther |
| 10 | BUSINESS INVESTMENT – FINANCIAL YEAR 2008-9 | Attached | John Lowther |
| 11 | TEES VALLEY REDUNDANCY PARTNERSHIP APPROACH | Attached | John Lowther |
| 12 | ANY OTHER BUSINESS | | |
| 13 | DATE OF NEXT MEETING | | |
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- Tuesday 14 July 2009

Meetings to be held at 2pm – venue to be confirmed

ECONOMIC STRATEGY BOARD

Meeting held at City Learning Centre Eston, Normanby Road, South Bank at 2.00pm
on Tuesday, 13th January 2009

ATTENDEES

Councillor Bob Cook	Stockton on Tees BC	Chair
Councillor David Budd	Middlesbrough BC	
Peter Scott	Hartlepool BC	
Richard Poundford	Stockton on Tees BC	
Mike McNulty	Environment Agency	
Malcolm Potter	Tees Engineering Alliance	
Jonathan Lamb	Business Link North East	
John Irwin	Storey:ssp	
Keith Robinson	Keith Robinson and Co	
John Lowther	Tees Valley Joint Strategy Unit	
Jonathan Spruce	Tees Valley Joint Strategy Unit	
Peter Bell	Stockton on Tees BC	
Kevin Parkes	Middlesbrough BC	
Steve Petch	Darlington BC	
Catherine Hierons	Redcar and Cleveland BC	
Jim Johnson	Tees Valley Living	
Steve Turner	Tees Valley Joint Strategy	

APOLOGIES

Councillor John Williams	Darlington BC
Councillor Mark Hannon	Redcar and Cleveland B C
Stuart Drummond	Hartlepool BC
Tim White	Middlesbrough BC
Richard Alty	Darlington BC
Ian Wardle	Redcar and Cleveland Borough Council
Nick Muse	One NorthEast
Nigel Kidwell	Jackson Solicitors
Geoff Herbert	Hambleton Council
Joe Docherty	Tees Valley Regeneration
Stan Higgins	NEPIC
Emma Speight	One NorthEast
Jonathan Lamb	Business Link North East
Malcolm Bowes	North East Assembly
Nigel Perry	Centre for Process Innovation
John Irwin	Story:ssp
Bob Hope	Wear Valley/Easington/Sedgefield DC
Bob Ward	Durham County Council

1 CHAIR'S WELCOME

The Chairman (BC) welcomed attendees to the meeting.

2 NOTES OF THE MEETING ON 15th October 2008

The minutes of the meeting held on 15th October 2008 were agreed as a true record.

3 CONFLICTS OF INTEREST

There were no conflicts of interests declared.

4 MATTERS ARISING

Regional Funding Allocation and Sub National Review

JL updated Members with regard the draft Regional Funding Advice that was currently being prepared. **JS** also updated Members with specific regard to transport schemes.

Bus Network Improvements Major Scheme

JS updated Members with regard the Bus Network Improvements major scheme. The JSU had met the Department for Transport (DfT) on 9 January at which further questions on the bid were discussed. The JSU had undertaken provide further information by the end of January 2009. The JSU was hoping to have a response on the bid by the end of March 2009 and a firm funding commitment by September 2009.

Housing Growth Delivery Point

JL reported that £6.2 million had been agreed over the next 2 years.

5 TEES VALLEY STRATEGIC HOUSING MARKET ASSESSMENT

Jim Johnson (Tees Valley Living) gave Members a presentation on the Tees Valley Strategic Housing Market Assessment.

RESOLVED that the presentation be received.

Action

6 TEES VALLEY GREEN INFRASTRUCTURE STRATEGY UPDATE

JL to prepare a further report

It was reported that since the completion of the Tees Valley Green Infrastructure Strategy in April 2008 the Joint Strategy Unit had been working alongside One NorthEast to develop a case to secure Single Programme funding for the implementation of green infrastructure projects.

Following discussions with Natural Economy North West, who had undertaken a considerable amount of work on the economic benefits of green infrastructure, the Tees Valley had been involved in putting together a brief, on behalf of a number of partners, to jointly commission consultants to develop a case that would quantify the economic, social and environmental benefits of green infrastructure. As well as the Joint Strategy Unit and Natural Economy North West the consortium also included The Northern Way, One NorthEast, the North West Regional Development Agency, Yorkshire Forward, Advantage West Midlands, Natural England and CABE Space.

The commission would have 5 main stages:

- A review of the definitions of green infrastructure used and understood by the Northern Way and its constituent Regional Development Agencies, including clarification of the relationship between green infrastructure and other key environmental concepts;
- Identify public agencies that have green infrastructure benefits as targets within their area of interest and identify other potential investors across all sectors;
- Develop a set of criteria and a robust methodology that can evaluate, compare and prioritise green infrastructure projects in terms of their social, economic and environmental benefits to different stakeholders, and show how to monitor the delivery of those benefits;
- Develop and apply a toolkit to enable the benefits of green infrastructure to be assessed against the targets of different stakeholders and potential investors, and
- Apply the results to the Tees Valley Green Infrastructure Strategy (and a case study in the North West) and complete a Business Case that presents a robust case for intervention and investment.

Consultants were expected to be appointed by mid-January, and the commission would be completed in stages from mid-February to April. When the element for the Tees Valley Green Infrastructure Business Case had been completed the Business Case would be submitted to One NorthEast. This may then be considered at One NorthEast Board level about April/May 2009.

If the Tees Valley was successful in securing Single Programme funding the Green Infrastructure Steering Group would need to consider the most appropriate vehicle for assessing, prioritising and funding green infrastructure projects. Guidance on this should emerge from the research undertaken as part of the commission.

It was likely that the results of the commission would be the subject of a presentation and discussion at a meeting of either the Northern Way Research or City Regions Forum.

Members felt that the Tees Valley Green Infrastructure Strategy had shown good leadership from the Joint Strategy unit.

RESOLVED that:

1. The Planning and Economic Strategy Board notes the progress made on implementing the Tees Valley Green Infrastructure Strategy, in particular the work currently being commissioned to quantify the economic, social and environmental benefits of green infrastructure.

2. A further report be presented on the results and conclusions of the commission.

7 TRENDS IN THE TEES VALLEY ECONOMY

Members were presented with a report that described and assessed the most recent trends in the economy of the Tees Valley.

There was little up to date information to hand describing the most recent trends in the sub-region's economy. The information available, together with other complementary data,

JL –
Report to
each
meeting of
the Board

indicated that, until early in 2008, the Tees Valley economy was experiencing a significant improvement. In contrast, much of the recent information suggests that there was now a slow down in the local economy; however, it was not clear whether or not the Tees Valley's economy was affected more than the national economy. In particular, recent figures showed that the housing market was declining and there were, as yet, no signs that this decline was halting. Additionally, there was now a rise in the number of people out of work.

There was little up to date information available regarding the latest sub-regional changes in the economy. The data showed that the Tees Valley had had a number of years of an improving economy, with the sub-regional/national gap narrowing. However, the information available, together with supplementary data, suggested that there was now a slow down in the local economy. In particular, figures showed that the housing market was declining and there are, as yet, no signs that this decline was halting.

Members felt it would be beneficial for a report to be presented at each meeting of the Board.

RESOLVED that the report be noted.

8 EMPLOYMENT CLUSTERS AND KNOWLEDGE INDUSTRIES REPORT

Members were presented with a report that examined the industrial structure of the Tees Valley in terms of its employment. It included past changes in employment, the development of specialisms and industry clusters and looked at 'knowledge sector' employment and its relationship to earnings, economic growth (GVA) and qualification levels.

The study showed the continuing importance of iron & steel, chemicals and construction industries to the Tees Valley but also relatively newer developments such as call-centre activities, freight transport by road, telecommunications, adult & other education sectors and the collection and treatment of waste. Other key industry groups which, though not yet major clusters, had potential for development in the sub-region include digital, technology & media industries as well as tourism industries.

The report went on to examine the importance of knowledge based industries to the development of the sub-regional economy. It concluded that if the Tees Valley was to increase its economic performance levels then it must increase the

growth of 'knowledge' and high-skill base industries. It must promote innovation and encourage high value-added business. However, the success of this would depend very much on the availability of a highly skilled and well trained workforce – therefore, the role of the educational and training organisations in the Tees Valley becomes of even greater importance in stimulating this supply.

The report concluded that development of new 'knowledge' based industries must add to, and not replace, the industrial clusters already in place in the sub-region. In fact the Tees Valley needed to build on 'what's here' and make its current comparative strengths provide the base for new development. Industrial diversity could well be the key in the current economic climate.

Further updates of the data used in the analysis would be available for publication in 2009 and would lead to an update of the report. However, it was unlikely that the new data would significantly alter the conclusions drawn.

RESOLVED that the report be noted.

9 UNEMPLOYMENT AND LABOUR MARKET REPORT

A report was presented to Members that described and outlined the information from the most recent of the regular monthly notes on the Tees Valley's unemployment and labour market, as produced by the Joint Strategy Unit (JSU).

Every month, shortly after the government's publication of the latest unemployment rates, the JSU produced a note reporting and commenting on the figures from the Tees Valley perspective. The note, the most recent was appended to the report, was produced within 1-2 days of the mid-month publication of the information.

Its aim was to present up to date information for use by Tees Valley Unlimited, the boroughs and partners, covering figures on unemployment (according to differing definitions, and including long term unemployment, and age and duration) and vacancies, plus the latest figures on people on out of work benefits and levels of worklessness. Figures on the overall trends in unemployment over several years and an indication of the wide range of unemployment by ward, were also given.

The key results contained in the appended note were:

* By November, the 'claimant count' unemployment had risen to around 18,100, a rate of 4.5%

* This rate had risen from 3.5% a year before, and is the highest since 2001

* Unemployment rates by ward vary between 1% and 15%

The information reported and commented on in the attached note, referred to mid-November data, as reported in mid-December. The December figures were due to be published by the government on January 21.

RESOLVED that the report be noted.

10 ANY OTHER BUSINESS

None noted.

11 DATE OF NEXT MEETING

21st April 2009, venue to be confirmed.

Report of: Senior Assistant Director, Joint Strategy Unit
Report to: Economic Strategy Board
Date: 21st April 2009
Subject: North and South Tees Project Exception Report
Item for: Information

1. PURPOSE OF REPORT

- 1.1 To provide members with an update on the North and South Tees Industrial Development Framework, and to highlight exceptions from the programme.

2. BACKGROUND

- 2.1 The North and South Tees Project was agreed by ONE on 2nd December 2008 to deliver
- an asset audit of industrial land of the Tees Valley completed by end of March 2009
 - a strategic framework which will prioritise investments required, including a justification for these priorities, rationale for public investment, and highlight the lead for each action including potential funding sources. This will be completed by end of July 2009.
 - and finally a delivery plan for infrastructure implementation which will detail; lead organisations, ownership, subsequent delivery, costs, funding mechanisms, and timescales including prioritisation, risk, procurement issues and justification. This will be ready by September 2009
- 2.2 The main contractors, Parsons Brinkerhoff (PB), were appointed in December 2008

3. INITIAL OUTCOMES TO DATE

- 3.1 The project has been running for four months, below are a few key issues that have been discussed during this initial phase.
- 3.2 Grid connection has been highlighted as a key constraint, and may cause delays in developments being built. This is a national problem, and government are well aware, however it is a major issue in the Tees Valley due to the large number of energy projects planned. An energy model has been developed which will be used to test current grid connections in relation to expected developments. This will give us a clear picture of the capacity of the grid and the extent to which it may constrain developments within the industrial area.
- 3.3 Although the Industrial area within the Tees Valley was once integrated under ICI, this is no longer the case. Development within the last 20-30 years have resulted in plants which have spare capacity; particular in relation to heat and steam, and therefore opportunities exists for new incoming industry to connect to these facilities, leading to greater resource efficiency. The project will map these interconnections in order to recommend where integration could be developed further.
- 3.4 The original business model for locating industrial activity in Tees Valley was to exploit local feed-stocks (coal, oil and gas) via ICI's delivery capability. These have now disappeared and a new business model is being developed. This is based on:
- (a) physical infrastructure
 - (b) integrated assets and technology
 - (c) logistics
 - (d) workforce and relevant skills
- 3.5 The importance of the ethylene supply chain in the Tees Valley is also being stressed. Ethylene is a product which cannot be transported other than through pipes, and is a major raw material in a wide range of products from coffee cups through to flooring. A number of companies in the Tees Valley use ethylene produced from the cracker at Wilton, if this source were to close it may force companies to relocate.
- 3.6 The core strategy for the future is focused on the existing cracker and associated businesses, plus the development of two key areas, namely Green Technology and Recycling. Potential areas for development of the cluster include:
- 1. Recycling/Waste Recovery including Energy from Waste, Plastic Recovery, waste oil recycling and CO₂ capture
 - 2. (Green) Energy/Heat and Fuel, Biomass, Biofuel and development of a Power Generation Hub on the north side of the river (depending on grid capacity)
 - 3. Biotechnology
 - 4. Polymer Park
 - 5. Centre of Excellence for the transfer of Bulk Petrochemical Manufacturing Excellence to downstream process industry

- 3.7 There are however a number of threats to this which include:
- High energy costs and levels/process of grant support compared to similar regions in Europe.
 - The threat to the cluster posed by recent closures
 - Strategic leadership of the cluster including coordinated approach to Research and Development and manufacturing
 - Land use planning policy and problems raised by land ownership
- 3.8 Some initial ideas for further support to the industry include:
- a) Improvements to the planning process to support new development
 - b) Simplify the grants application process and develop a better assessment model which is more supportive to the needs of industry
 - c) More targeted resource to support leadership of the Tees Cluster
 - d) Further strong leadership from NEPIC to develop the region's assets and facilitate development of new initiatives – taking some of the functions that ICI used to perform so that the Cluster can better compete with other European clusters
 - e) Land ownership is complex within the industrial area, this can hold up developments, therefore all land ownership, titles and way leaves could be publically available in order to mitigate against these constraints
 - f) Consideration should be given to how the authorities can secure key strategic sites so that a clear strategy for industrial development can be pursued
- 3.9 A series of consultation events are currently being organised for stakeholders to comment on the draft strategic framework. These will consist of a breakfast meeting for industrialists and a half day workshop for the public sector on 22nd May at the Wilton Centre. The draft framework will also be taken to the NEPIC Leadership Board and the Teesside Integrated Manufacturing Group in June.

4. EXCEPTIONS TO PROJECT PROGRESS

- 4.1 Significant progress has been made in collecting data for the asset audit, which should be available in GIS form in May, however difficulties have been found obtaining information on private utilities. A minimum level of required information has been agreed, however this has pushed the delivery of the asset audit back one month, and it will now be delivered in April 2009.
- 4.2 Delays in obtaining Land Registry information has had the knock on effect that the Stockton Legal team will require longer to provide legal reports. The land titles to be analysed have been prioritised, and Stockton Legal Team are training a member of staff to work on the project full time. It is therefore expected that the legal search will be completed by end of April in line with the asset audit.
- 4.3 The strategic framework is being developed simultaneously with the asset audit, and therefore, at this time, the delivery of the framework and action plan is on schedule.

- 4.4 Some unfortunate press coverage was received from a sub-contractor on the project. The JSU responded quickly, issuing a press release countering the claims. The sensitive nature of publicity in this contract and the correct channels in which this should be handled were reiterated to the contractors.

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Report of:	Director of Tees Valley Joint Strategy Unit
Report to:	Economic Strategy Board
Date:	21 April 2009
Subject:	Heathrow to Durham Tees Valley Flights
Item for:	Decision

SUMMARY

At the end of March 2009, BMI terminated the direct flights from Durham Tees Valley to Heathrow citing the level of landing charges and the business model of BAA as a reason. A delegation of Tees Valley MPs led by Nick Brown, the Regional Minister and the MP for Sedgefield, Phil Wilson, met the Minister for Aviation, Jim Fitzpatrick on 24th March to press for a formal review by the Department of Transport of the regulatory framework to safeguard regional flights into Heathrow. Whilst the Minister was very sympathetic to the case, he refused to order a review but stated that there was an opportunity through the consultation process on a new draft regulatory framework to make our case. The Department would also support any application to the European Commission for a Public Service Obligation Order to safeguard slots at Heathrow for the service. As a result the JSU, ONE and the Airport are putting together a submission in response to the Regulatory Framework, are commissioning consultants to advise on the process, potential risks and costs of pursuing a Public Service Obligation order, and attend if invited by the House of Commons Select Committee on Transport to put our case.

RECOMMENDATIONS

The Board is recommended to:

- a) Approve the preparation of a submission to the Department of Transport in response to the Government's proposals for reforming the framework for the economic regulation of UK Airports;
- b) Support the production of a scoping study prepared by consultants commissioned by Durham Tees Valley Airport and One NorthEast to examine the potential for a Public Service Obligation Order;
- c) Authorise the Director of the Tees Valley Joint Strategy Unit to attend the House of Commons Select Committee on Transport if asked to present the case to the Committee.

REPORT OF THE VISIT OF THE DELEGATION TO THE MINISTER

A delegation led by Nick Brown, the Regional Minister, and Phil Wilson, MP for Sedgefield met with the Minister for Aviation, Jim Fitzpatrick, at the Department of Transport on 24th March. Also attending the meeting were Alan Milburn, Frank Cook and Hilary Armstrong. Hugh Lang, myself and Jim Darlington representing One NorthEast also attended.

The meeting made two requests of the Minister:

- a) For the Minister to open discussions with BAA to see if they are willing within their CAA funding targets to alter the landing charges at Heathrow to enable regional flights to be maintained. Given one of the main arguments for a Third Runway at Heathrow is the importance of the links with regions to international markets, it would be in BAA's interests to respond positively to this issue at little cost.
- b) Given that the loss of regional flights to Heathrow is in the Department's words an unintended consequence of the regulatory system, to request his officers to formally identify how the regulatory framework needs to be changed to enable regional flights to Heathrow to continue.

Whilst the Minister was very sympathetic to the issue, he refused both requests. He stated:

- a) The issue of the access to Heathrow for regional airports had become a much more important political issue as a result of the concerns of the MPs;
- b) The Government has published for consultation proposals for reforming the framework for the economic regulation of UK airports. There was an opportunity for the Tees Valley to make its case in the response to the regulatory framework proposals;
- c) The Department would give us any help required on progressing a Public Service Obligation Order submission on a proposal for a 10 year period.

ACTION FOLLOWING THE MEETING

Since the meeting I have met with Durham Tees Valley Airport and One NorthEast to consider the next stages. They are:

- a) Press the Regional Minister and MPs to keep the pressure on the Government regarding the case – all those attending the delegation plus Vera Baird have agreed to do this;

- b) JSU if invited to attend the House of Commons Select Committee on Transport to give evidence on the issue. JSU also to attend on the 14th May a workshop on the new regulatory framework where BAA, CAA and DfT are the main speakers to press the regional airports claim;
- c) In addition to our own response, work through the Northern Way to prepare a pan-Northern submission in response to the Department's proposals on the Regulatory Framework for UK Airports to make a case for regulations to retain regional flights into Heathrow.
- d) ONE, DTVA and JSU to jointly commission consultants to assess the viability of the Public Service Obligation option reviewing costs, value for money (including route profitability), process, timescale, relevant criteria and the strength of the case in the likelihood of a successful legal challenge from a neighbouring airport. It is important to recognise that the Public Service Obligation approach secures slots for the flights at Heathrow. However, it does not solve the problem of high landing charges and the need for any subsidy until the Third Runway is constructed.
- e) Following the receipt of the report, we will be in a position to know the process for applying for a Public Service Obligation Order, the order of costs etc. We can then decide whether to formally prepare an application and/or go back to the Minister to discuss the matter further. This work should be completed by the end of May.

The Board is asked to support the action proposed.

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Report of:	Senior Assistant Director, Tees Valley Joint Strategy Unit
Report to:	Economic Strategy Board
Date:	21 April 2009
Subject:	City Region Forerunner Submission
Item for:	Information

SUMMARY

1. Government wrote to all upper tier Chief Executives in England on 22 December 2008 inviting them to submit proposals to become a City Region Forerunner, as announced in the Pre-Budget Report in November 2008.
2. Tees Valley Unlimited (TVU) submitted to Government an Expression of Interest in becoming one of a City Region Forerunner to build on the Multi Area Agreement and officers from TVU attended a workshop with Government on 10 February. The feedback received was very positive and encouraged us to develop all the proposals. It was stated that whilst some issues, such as the long term funding commitment, were very difficult, particularly in the current economic climate, nothing was considered off the table at this point. Government officials also gave a very strong steer that we needed to provide strong evidence of the impact of our proposals and that Government was very keen to see proposals that could have an impact on business and skills. The pilot potentially offers the opportunity to substantially reduce bureaucracies and create efficiency savings through simplified processes and local decision making. This will enable economic development, regeneration, housing and transport schemes to be delivered more effectively.
3. The proposals have been developed during January and February involving detailed discussions with key partners. The draft submission was considered by the TVU Executive at its meeting in February and has the support of the all partners on the Executive. The final submission was cleared by the Executive and the TVU Chair in advance of its submission to Government on 6 March 2009.
4. Attached is a briefing note which sets out the basis of the submission. The document is very large electronically and would have caused some Board Members IT problems. Therefore, an electronic copy of the full version is available on the TVU website.

5. As well as the information presented in the briefing note, Board Members' attention is drawn to Section R3b in the submission, which outlines the governance arrangements for TVU at present and moving forwards. To enable Government to give greater flexibilities to the partnership we are required to move to statutory body status. Annex 11 illustrates the potential governance arrangements for a TVU statutory body.
6. Whether or not TVU is chosen to proceed as a City Region Forerunner there are elements of the proposal that we would wish to take forward, such as improvements to the governance structure (to align areas of activity such as housing and regeneration and the further development of the Employment and Skills Board) and developing our approach to investment planning with key agencies.
7. Government will announce the successful areas (at least two) for the City Region Forerunner in the Budget announcement on 22 April 2009.
8. Members are asked to note the contents of the City Region Forerunner submission.

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Date: 9 March 2009

TEES VALLEY CITY REGION FORERUNNER PROPOSAL

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

What next – A City Region Forerunner?

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

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

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

The Tees Valley City Region Forerunner Proposal

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

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

Why Tees Valley City Region?

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

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

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

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

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

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

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

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

Our Proposals to Government

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

In the short term we would wish to:

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

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

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

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

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

In the medium to longer term we would:

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

Future Governance Arrangements

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

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

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

What we will deliver for Government

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

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

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

For further details please contact:

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Melrose Street
Middlesbrough
Tees Valley
TS1 2XF*

Report of:	Director of Tees Valley Joint Strategy Unit
Report to:	Economic Strategy Board
Date:	21 April 2009
Subject:	Business Investment – Financial Year 2008-9
Item for:	Information

SUMMARY

Tees Valley Regeneration produce a quarterly report setting out the details of investments assisted to the Tees Valley, a project pipeline for the next few years and projects which have decided not to proceed. I summarise the current position below.

In the financial year April 2008 – March 2009, Tees Valley Regeneration helped 9 companies to invest £30.22 million of capital expenditure, safeguarding 256 jobs and assisting 556 new jobs. Most of the investments were in the advanced engineering/chemicals/business services sectors.

In the calendar year 2009 Tees Valley Regeneration are leading on 12 projects expected to create/safeguard 750 jobs with a capital expenditure of £271 million again mainly in the advanced engineering sector.

In the pipeline for 2010/11 to 2011/12 Tees Valley Regeneration are involved with a further 8 major projects providing £4.7 billion of capital investment which safeguards 900 jobs and creates 2000 jobs. Again these are mainly in the advanced engineering, energy sectors.

Six projects with a total of 765 new jobs have been cancelled mainly in logistics, financial services and renewable energy. Considering the credit crunch, the low number of cancellations is encouraging.

RECOMMENDATION

The report is noted.

Originator:	John Lowther
Contact Tel:	01642 264801
E-mail:	john.lowther@teesvalley-jsu.gov.uk

Report of: Director of Tees Valley Joint Strategy Unit
Report to: Economic Strategy Board
Date: 21 April 2009
Subject: Tees Valley Redundancy Partnership Approach
Item for: Information

SUMMARY

The Learning and Skills Council and Job Centre Plus have been working with the local authorities to develop a protocol for dealing with redundancies. Attached to the report is a series of diagrams which explain the process for dealing with redundancies.

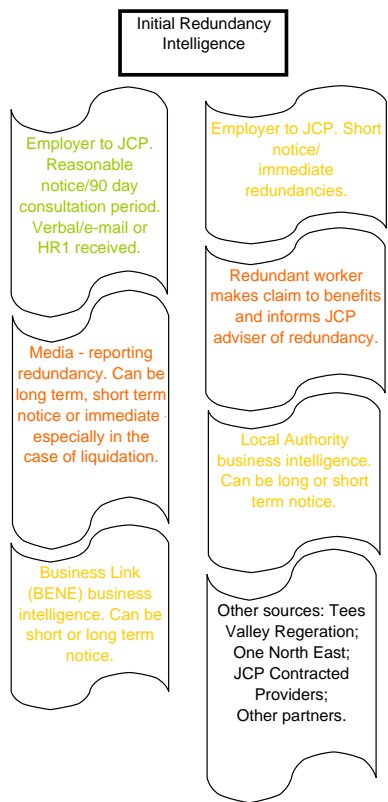
RECOMMENDATION

The report is noted.

Originator: John Lowther
Contact Tel: 01642 264801
E-mail: john.lowther@teesvalley-jsu.gov.uk

Tees Valley Redundancy Partnership Process

Draft as at 16.12.08



Immediately JCP is informed, Employer Engagement Manager/Redundancy Support Officer will contact the employer and send electronic support package which includes leaflets for workers on jobsearch and benefits.

Permission gained from employer to share information with partners. **Note 1** lists the appropriate partner contacts. (Note: information shared with all partners except JCP must not include personal information e.g. names, addresses, NI numbers dates of birth, of redundant workers etc.)

Information shared with partners via e-mail and, where appropriate through telephone conversations.

Virtual network groups to be set up by all partners as shown in **Note 1**.

Information shared should include where possible:

- Date of intelligence
- Date of redundancy
- Numbers of workers affected
- Skills of workers
- Reason for redundancy
- Status of workers e.g. any apprentices?

At this stage, JCP will gather as much appropriate personal information to support benefit claims and payment - this will not be shared outside of JCP - but with:

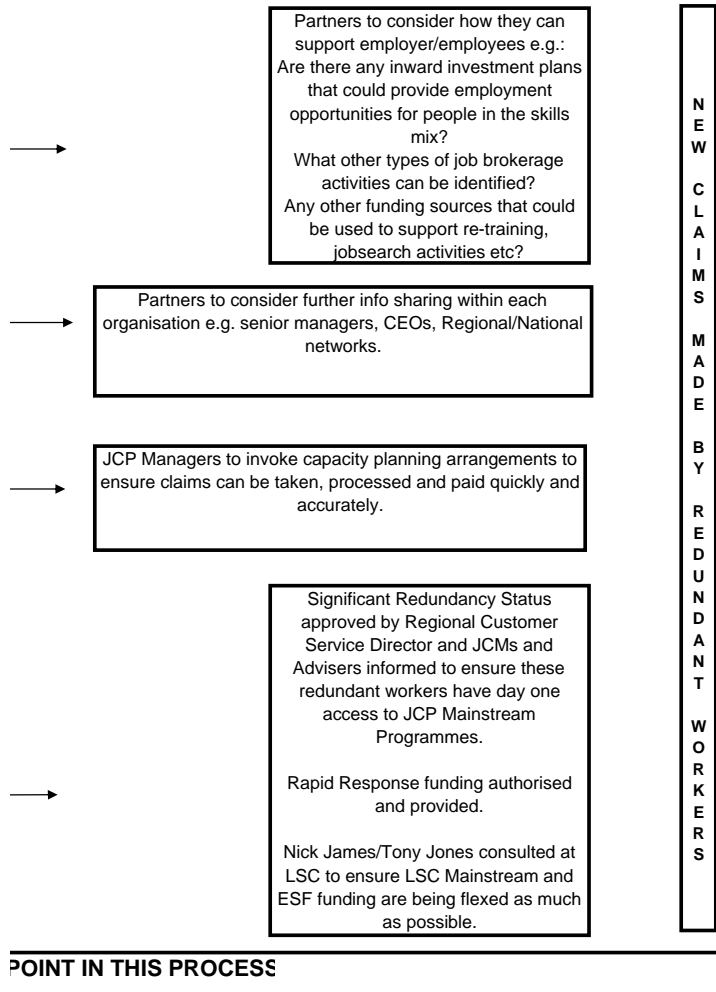
- Linda Aspery, Contact Centre Manager
- Lynne Wray, Benefit Delivery Centre Manager
- Appropriate Senior and Jobcentre Managers in affected locations

Employer Engagement Manager/Redundancy Support Officer considers application for Significant Redundancy Status. **Note 2** gives detail of criteria. Manager/Officer also considers if Rapid Response application is appropriate. **Note 3** gives details of criteria.

- Key:**
- Red** Significant risk to business delivery and employee/employer support
 - Amber** Moderate risk to business delivery and employee/ employer support
 - Green** Low risk to business delivery and employee/employer support

NEW CLAIMS FROM REDUNDANT WORKERS MAY NEED TO BE TAKEN AT ANY POINT IN THIS I

Support available to redundant workers based on status of redundancy situation



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Not Significant Redundancy Status:

Initial information on benefits and pensions delivered by JCP External Relations Team

JCP Personal Adviser Interviews and support

Programme Centres (Day 1 eligibility)

ESF Funded LSC/JCP Provision (Day 1 eligibility)

JCP/LSC Websites

JCP Jobpoints

JCP Gateway to all appropriate contracted and non-contracted (partner) provision including:

IAG/Nextstep

Bespoke LSC funded training/skills enhancements designed through Nick James and Tony Jones

Train to Gain. Could be whilst in employment before worker is made redundant (wage compensation available) or support in new employment (waged or voluntary)

Significant Redundancy Status:

Initial information on benefits and pensions delivered by JCP External Relations Team

JCP Personal Adviser Interviews and support

Programme Centres (Day 1 eligibility)

ESF Funded LSC/JCP Provision (Day 1 eligibility)

JCP/LSC Websites

JCP Jobpoints

JCP Gateway to all appropriate contracted and non-contracted (partner) provision including:

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Bespoke LSC funded training/skills enhancements designed through Nick James and Tony Jones

Train to Gain. Could be whilst in employment before worker is made redundant (wage compensation available) or support in new employment (waged or voluntary)

Day 1 of unemployment eligibility for JCP programmes including New Deals and Adviser Discretionary Fund

Significant Redundancy Status and Rapid Response:

Initial information on benefits and pensions delivered by JCP External Relations Team

JCP Personal Adviser Interviews and support

Programme Centres (Day 1 eligibility)

ESF Funded LSC/JCP Provision (Day 1 eligibility)

JCP/LSC Websites

JCP Jobpoints

JCP Gateway to all appropriate contracted and non-contracted (partner) provision including:

IAG/Nextstep

Bespoke LSC funded training/skills enhancements designed through Nick James and Tony Jones

Train to Gain. Could be whilst in employment before worker is made redundant (wage compensation available) or support in new employment (waged or voluntary)

Day 1 of unemployment eligibility for JCP programmes including New Deals and Adviser Discretionary Fund

Bespoke support/training funded through Rapid Response Funding

Note 1: Virtual Redundancy Partnership Groups

Darlington: Gwenda Lyn Jones (LA), Angela Wilson (LSC), Trevor Mortlock (JCP)
Hartlepool: Antony Steinberg (LA), Lesley Monaghan (LSC), Lesley Cannon (JCP)

Middlesbrough: Sandra Cartlidge (LA), Cheryl Hodds (LSC), Neil Walker (JCP)

Redcar and Cleveland: Ian Wardle (LA), Diane Hunt (LSC), Neil Walker (JCP)

Stockton on Tees: Richard Poundford (LA), Val Goodrum (LSC), Lesley Cannon (JCP)

Tees Valley wide (to be included in all info sharing activities for redundancies across Tees Valley):

Linda Edworthy (JSU), Nick James (LSC), Tony Jones (LSC), Paul Tkaczyk (BL), Chris Livingstone (JCP), John Leer (TVR).

Note 2: Significant Redundancy Status

The term Significant Redundancy used to denote a situation in which a JCP District considers that the redundancies will have a significant impact on the local labour market. There cannot be an absolute definition of what constitutes a significant redundancy, as it does not wholly depend on the numbers of people affected. Each case should be judged on its merits and the following points should be considered:

- * The size of the redundancy in relation to the local labour market, e.g. a large number of redundancies in a large city may not have a significant impact on its TTWA. However, a redundancy with a smaller number in a small town would have an impact on a more self-contained labour market.
- * Is the local labour market quite buoyant at present? If there are plenty of job opportunities available then most of the redundant workers may be able to obtain work without the help of Jobcentre Plus programmes.
- * What is the type of business conducted by the affected company? Is the employer one of a number in a significant sector? Will the impact of the redundancy have an adverse effect on a local economy, which was built up around a specific sector? Due to the overall decline in the manufacturing industries in the last few years, it is probable that redundant workers from service industries are more likely to find other jobs.
- * What is the occupational group(s) likely to be made redundant? Unskilled workers may face more difficulties in finding work than either skilled or semi-skilled workers. Information on the local labour market will help with making an informed decision as to whether the workers will find a job easily without the help of Jobcentre Plus provision.
- * What is the company's catchment area for recruitment? A large national company is likely to employ staff from outside the surrounding area, whereas a small, local firm is more likely to recruit from the immediate area. The smaller redundancy could well be a stronger candidate for declaring a significant redundancy than the larger, national situation.
- * How will the redundancies be achieved? If redundancies are to be carried out on a voluntary basis or through early retirement then it is possible that fewer people will need early access to Jobcentre Plus programmes.

Note 3: Rapid Response

The Rapid Response To Redundancy Partnership Protocol was set up to handle Larger or Significant Redundancies. Redundancies that fall into this category are normally those that include 20 or more job losses.

The Protocol is an agreement with local delivery partners (e.g. Jobcentre Plus, Local Authorities, Business Link, LSC, VCS etc) on a co-ordinated approach to contacting the affected company and agreeing a comprehensive package of support to which the Employer and all Partners agree. Funding is available via JCP to fill gaps in mainstream provision and provide specialist, individual support to redundant workers.

Directions to the Education Centre, Junction Road, Norton, TS20 1PR

From A19 South

Leave the A19 at the A1027 Norton exit

At the roundabout turn right taking the 3rd exit onto the A1027 (dual carriageway)

Continue until you come to the first roundabout and turn right taking the 3rd exit B1274 (Junction Road)

The Education Centre entrance & car park will be on your left hand side about 500 yards along Junction Road

From A19 North Leave the A19 at the Norton A1027 exit

At the roundabout take the 1st exit on the left onto the A1027 (dual carriageway)

Continue until you come to the first roundabout and turn right taking the 3rd exit B1274 (Junction Road)

The Education Centre entrance & car park will be on your left hand side about 500 yards along Junction Road

From A1 North/South Leave the A1 at the A689 and follow the signs for Sedgfield

Continue over the first roundabout staying on the A689

At the 2nd roundabout turn right onto the A177 Continue until you reach Tesco roundabout (Tesco will be on your left)

Turn left at the roundabout onto the B1274 (Junction Road)

Continue along Junction Road for about a mile until you see the Education Centre on your right hand side -the car park entrance is the 3rd entrance

