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**ECONOMIC STRATEGY BOARD**

**Meeting held at Room L, Education Centre, Junction Road, Norton, Stockton on  
Tees at 2.00pm on Tuesday, 21<sup>st</sup> April 2009**

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**ATTENDEES**

Councillor Bob Cook	Stockton on Tees BC	Chair
Councillor David Budd	Middlesbrough BC	
Peter Scott	Hartlepool BC	
Mike McNulty	Environment Agency	
Malcolm Potter	Tees Engineering Alliance	
Keith Robinson	Keith Robinson & Co	
John Anderson	Darlington BC	
Doreen Meeling	Redcar and Cleveland BC	
Dr Andrew Craig		
Richard Buckley		
Richard Poundford	Stockton on Tees BC	
Sarah Tennison		

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**APOLOGIES**

Councillor John Williams	Darlington BC
Councillor Mark Hannon	Redcar and Cleveland BC
Stuart Drummond	Hartlepool BC
Kevin Parkes	Middlesbrough BC
Tim White	Middlesbrough BC
Richard Alty	Darlington BC
Ian Wardle	Redcar and Cleveland BC
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 13<sup>th</sup> January 2009**

The minutes of the meeting held on 13<sup>th</sup> January 2009 were agreed as a true record.

**3 CONFLICTS OF INTEREST**

Councillor Cook declared a personal non prejudicial interest in respect of agenda item 5 – North Tees and South Tees Project Exception Report and agenda item 6 – The Credit Crunch and the Impact on the Process Industry both due to his employment in the chemical industry.

**4 MATTERS ARISING**

Bus Network Improvements Major Scheme

**JS** updated Members with regard the Bus Network Improvements major scheme. A response had been received from the Department for Transport (DfT) which had contained yet even more questions on the scheme. Officers from the Joint Strategy Unit (JSU) were preparing responses to the questions and it was hoped that the scheme would be presented to the DfT Investment Panel in May 2009.

Housing Growth Delivery Point

**JL** updated Members with regard the Housing Growth Delivery Point. Expressions of interests had been submitted to unlock 6 sites in the Tees Valley. Of the 6 schemes that had been submitted 1 had been taken further forward. With regard the A19 ramp metering scheme, a full business case would now have to be submitted.

**5 NORTH AND SOUTH TEES PROJECT EXECPTION REPORT**

Members were provided with an update on the North and South Tees Industrial Development Framework.

The North and South Tees Project was agreed by ONE on 2<sup>nd</sup> December 2008 to deliver:

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\* an asset audit of industrial land of the Tees Valley completed by end of March 2009.

\* a strategic framework which would 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 would be completed by end of July 2009.

\* and finally a delivery plan for infrastructure implementation which would detail; lead organisations, ownership, subsequent delivery, costs, funding mechanisms, and timescales including prioritisation, risk, procurement issues and justification. This would be ready by September 2009.

The main contractors, Parsons Brinkerhoff (PB), were appointed in December 2008.

The project had been running for four months and within the report were listed key issues that had been discussed during the initial phase.

Also listed within the report were some initial ideas for further support to the industry and a number of threats to the industry.

A series of consultation events were being organised for stakeholders to comment on the draft strategic framework. The draft framework would also be taken to the NEPIC Leadership Board and the Teesside Integrated Manufacturing Group in June.

Significant progress had been made in collecting data for the asset audit, which should be available in GIS form in May, however difficulties had been found obtaining information on private utilities. A minimum level of required information had been agreed, however this had pushed the delivery of the asset audit back one month, and it would now be delivered in April 2009.

Delays in obtaining Land Registry information had had the knock on effect that the Stockton Legal team would require longer to provide legal reports. The land titles to be analysed had been prioritised, and Stockton Legal Team were training a member of staff to work on the project full time. It was expected that the legal search would be completed by the end of April in line with the asset audit.

The strategic framework was being developed simultaneously with the asset audit, and therefore the delivery of the

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framework and action plan was on schedule.

Some unfortunate press coverage was received from a sub-contractor on the project. The JSU had 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.

RESOLVED that the report be noted.

## **6 THE CREDIT CRUNCH AND ITS IMPACT ON THE PROCESS INDUSTRY**

Members were updated on the credit crunch and its impact on the process industry.

RESOLVED that the update be noted.

## **7 HEATHROW TO DURHAM TEES VALLEY FLIGHTS**

It was reported that 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 24<sup>th</sup> 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 the 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 were putting together a submission in response to the Regulatory Framework, were commissioning consultants to advise on the process, potential risks and costs of pursuing a Public Service Obligation order,

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and attending if invited by the House of Commons Select Committee on Transport to put the case.

**RB** reported that a report had already been produced on business use at the airport and he would forward it on to the JSU.

Members felt that Northern Way and the Scottish Airports may be able to give some help to the case.

RESOLVED that:-

1. 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 be approved.
2. 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 be supported.
3. The Director of the Tees Valley Joint Strategy Unit be authorised to attend the House of Commons Select Committee on Transport if asked to present the case to the Committee.

## **8 CITY REGION FORERUNNER SUBMISSION**

It was reported that Government had 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.

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<sup>th</sup> February. The feedback received was very positive and encouraged TVU 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. Government officials also gave a very strong steer that TVU 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

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and skills. The pilot potentially offered the opportunity to substantially reduce bureaucracies and create efficiency savings through simplified processes and local decision making. This would enable economic development, regeneration, housing and transport schemes to be delivered more effectively.

**JL** outlined that it had just been reported in the Manchester Evening News that the Manchester submission had been successful. Members felt that even if the TVU bid was not successful the TVU should continue to follow this direction.

RESOLVED that the report be noted.

## **9 REGIONAL FUNDING ADVICE (RFA) ROUND 2**

**JS** updated Members on the RFA Round 2. The final advice and guidance had been received on 28<sup>th</sup> February 2009. It was reported that part of the advice was non compliant in certain aspects and it would have to be reprofiled, focusing on the four large A19 schemes. The Minister of State for Transport, Lord Andrew Adonis had visited the area recently and this had given Officers the opportunity to push for investment in major public transport schemes in the Tees Valley. The Minister had asked for Officers from TVU to write to him and attend a follow-up meeting in London.

RESOLVED that the update be noted.

## **10 BUSINESS INVESTMENT – FINANCIAL YEAR 2008/09**

It was reported that Tees Valley Regeneration had produced 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 had decided not to proceed.

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 were leading on 12 projects expected to create/safeguard 750 jobs with a capital expenditure of £271 million again mainly in the

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advanced engineering sector.

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

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

RESOLVED that the report be noted.

#### **10 TEES VALLEY REDUNDANCY PARTNERSHIP APPROACH**

It was reported that the Learning and Skills Council and Job Centre Plus had been working with the local authorities to develop a protocol for dealing with redundancies. A series of diagrams which explained the process for dealing with redundancies was attached to the report for Members information.

RESOLVED that the report be noted.

#### **11 ANY OTHER BUSINESS**

None noted.

#### **12 DATE OF THE NEXT MEETING**

14<sup>th</sup> July 2009, venue to be confirmed.

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