

**EXECUTIVE BOARD**

**Meeting held at Castlegate Quay, Moat Street, Stockton at 2.00pm on  
Wednesday 27 August 2008**

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ATTENDEES

Ada Burns (AB)	Darlington Borough Council	(DBC) – Chair
George Garlick (GG)	Stockton on Tees Borough Council	(SBC)
Paul Walker (PW)	Hartlepool Borough Council	(HBC)
Kevin Parkes (KP)	Middlesbrough Borough Council	(MBC)
Amanda Skelton (AS)	Redcar & Cleveland Borough Council	(RCBC)
Chris Livingstone (CL)	Jobcentre Plus	(JCP)
Yvonne Clark (YC)	Government Office North East	(GONE)
Liz Smith (LS)	CBI North East	(CBI)
Joanne Fryett	North East Chamber of Commerce	(NECC)
Gillian Miller (GM)	Learning and Skills Council	(LSC)
Steve Gawthorpe (SG)	English Partnership	(EP)
John Lowther (JL)	Tees Valley Joint Strategy Unit	(JSU)
Linda Edworthy (LE)	Tees Valley Joint Strategy Unit	(JSU)

APOLOGIES

Jan Richmond	MBC
Chris Roberts	LSC
Sarah Green	CBI North East
James Ramsbotham	NECC
Pat Ritchie	ONE

**OBSERVER**

Sarah Johnson	SBC
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**1. CHAIR'S WELCOME**

The Chairman (AB) welcomed attendees to the meeting.

The Chairman referred to the imminent departure of George Garlick, Chief Executive of Stockton on Tees Borough Council and thanked him, on behalf of the Executive Board, for his valued contribution.

**2. NOTES OF THE MEETING ON 21<sup>st</sup> MAY 2008**

The minutes of the meeting held on 21<sup>st</sup> May 2008 were agreed as a true record.

**3. MATTERS ARISING**

The Board was advised that in relation to the Economic Assessment of the Durham Tees Valley to Heathrow report from the 21 May 2008 meeting, that BMI had committed to 3 years. Durham Tees Valley Airport and ONE would be meeting to discuss the marketing campaign.

**4. TAKING FORWARD THE CITY REGION BUSINESS CASE AND THE MULTI AREA AGREEMENT – THE NEXT 6 MONTHS**

The Executive considered a report that set out the key work programme for Tees Valley Unlimited over the next 6 to 9 months and showed how this related to implementing the Tees Valley Business Case, implementing the Multi Area Agreement and influencing the Regional Funding Allocation 2 process which would begin in the autumn.

The Executive noted that the overall objective of the Tees Valley City Region Business Case was to improve the economic performance of the Tees Valley by building on the economic assets of the city region. It was also noted that the Multi Area Agreement (MAA) was essentially about improving the urban competitiveness element of the business case through bringing together four main capital funding streams to better deliver this element of the business case.

It was explained that, in terms of developing the Tees Valley's Economic Assets, there were 7 main projects being carried out:

- The development of an industrial framework for the North Tees and South Tees area.
- The development of the Wilton International Innovation Connector. The Executive noted the 4 main

components of the project. It was explained that a strategy document for the Connector together with an investment plan for ERDF funding and expression of interest for each component part of the project would be prepared by the end of September. The Joint Strategy Unit would be preparing the latter two documents and NEPIC would be writing the Strategy Document.

- Work up the action plan for the priorities for taking forward the development of the energy industry with Renew Tees Valley/CPI and the private sector.
- Develop a gauge enhancement programme for the Darlington – Teesport line together with PD Ports, ONE, Northern Way, Network Rail.
- Within the criteria set by the business support simplification scheme, work with Business Link and other partners to develop a business support model for the Tees Valley and possibly an enterprise multi area agreement.
- Work with partners to develop an innovation connector proposal for Digital City which links into each of the Boroughs of the Tees Valley.
- Coordinate the development of a business support package for the Tees Valley for funding under ERDF.

The Board was informed that there were 4 elements to taking forward the MAA for Regeneration/Housing Programmes:

- Discussions with CLG on various issues relating to projects.
- A Single Programme Investment Plan for the next five years.
- A Housing Growth Point Initiative Programme which had to be submitted to CLG by the end of October and Expression of Interest for Community Infrastructure Fund by September 15<sup>th</sup>.
- Implement the £50 million Housing Market Renewal Programme.

The Board also noted the 3 major transport projects being developed by the Joint Strategy Unit:

- Tees Valley Bus Network Improvement Scheme
- Tees Valley Metro Stage 1
- The Strategic Road Network Action Plan

Consideration was given to other key projects outside of the MAA which were important to improving urban

competitiveness.

It was noted that consideration needed to be given to tourism in relation to the visitor centre for Wilton International Innovation Connector.

RESOLVED that the report be noted.

## **5. THE CREDIT CRUNCH – IMPLICATIONS FOR THE TEES VALLEY**

Consideration was given to a report that briefed the Executive on the impact of the credit crunch on the Tees Valley, the implications for the Tees Valley economy and regeneration programmes and the action the Tees Valley could take to reduce the impact.

It was explained that the credit crunch had had a major impact on the development industry. It was noted that the Tees Valley had generally withstood the impact of the credit crunch very well. There was still a demand for good quality new office floorspace and major new projects such as the biomass plant at Teesport were still being announced. The main area of concern was the housing market, particularly the effect on the activities of the volume housebuilders.

The Executive considered information relating to the impact of the credit crunch on commercial property, housebuilding and the manufacturing/service industry.

The report outlined that the general view was that the recovery from the credit crunch would not start until 2010/11. It was noted that given the length of time development takes that the public sector should start planning for the upturn. A number of major activities that the public sector should be doing were outlined to the Executive.

The Executive were informed that the Joint Strategy Unit (JSU) had set up a Credit Crunch Task Force facilitated by Lee Shostak, comprising the local authorities, TVR, the Housing Corporation and Registered Social Landlords to identify what could be done by the public sector to improve the number of housing starts in the current climate.

The Task Force would produce a written report by the end of September with a programme of proposals to DCLG and the Homes and Communities Agency. The JSU would produce quarterly reports on the impact of the credit crunch.

The Executive considered the report and made the following comments:

- There was a need to concentrate on the housing led regeneration projects.
- The Quarterly Reports need to be broadened to include information relating to the numbers of new Housing Benefit claims, the impact of the credit crunch on the large chemical industries in the Tees Valley and also the industries that were benefiting from the credit crunch.

RESOLVED that the information be noted.

## **6. THE ROLE OF THE EMPLOYMENT AND SKILLS BOARD**

The Executive considered a report relating to the role of the Employment and Skills Board.

It was explained that concerns had arisen from discussions with partners about the operation of the Employment and Skills Board. The Executive considered the key issues and concerns in relation to the Employment and Skills Board. It was noted that these concerns together with the changing environment nationally, regionally and sub-regionally meant that the Board needed to be reviewed in detail.

The Executive considered the possible actions to resolve the issues. This included splitting the Board into two operational groups one covering employability and the other focusing on higher level skills. The role of the worklessness/employability group would be to develop an employability strategy for the Tees Valley building on the work of Shared Intelligence. The role of the skills group would be to develop a high level skills strategy for the Tees Valley and then draw up an action plan or possible MAA to implement it. It was noted that the two groups would be essentially operational and focused on developing practical proposals.

It was explained that in addition, there may be a need for an overarching group of public sector partners to consider strategic issues arising out of both agendas and to liaise with the myriad of agencies in the field to sort out how the proposals from both groups could be delivered.

It was also noted that consideration needed to be given to resource requirements, board memberships and terms of reference for the possible actions.

The Executive considered the information and provided the following comments:

- The proposed actions to resolve the issues be endorsed.
- A strong overarching arm would be needed as there were a number of important over-lapping issues.
- It was important to engage the sector skills councils and the Executive suggested inviting one or two that represented a few others to discuss the best way to work together.
- A private sector sounding board was discussed and Board members requested that the Joint Strategy Unit look into the possibility of a sponsored dinner.

RESOLVED that the Joint Strategy Unit, in consultation with partners, bring back a further report to the Executive with more detailed proposals.

## **7. TEES VALLEY METRO**

The Executive considered a report that set out the latest position regarding the Tees Valley Metro.

The Board was provided with details of the Metro Project Board which met on 30<sup>th</sup> July 2008. Tees Valley Regeneration (TVR) had indicated that through preliminary discussions with Nick Brown and the Rail Minister, Tom Harris that the Department for Transport (DfT) may be willing to take on the role of Scheme Promoter, and therefore absorb the risk of capital expenditure overrun and the additional subsidy requirements. The suggestion was backed up by GONE. The result was that the Local Authorities would not be required to make a revenue contribution and the capital contribution to the project for the five Authorities would be capped at £10 million.

It was noted that whilst there was no direct evidence of the suggestion being a firm proposal, it was agreed at the Project Board that the most realistic way to deliver the overall Metro project would be for the DfT to take on the project following the completion of a business case.

It was also recognised, however, that the TVR proposal included no element in its first stage for Hartlepool, or a new station at James Cook Hospital, both of which were crucial early elements of the Metro project. It was also recognised that the appraisal work for Hartlepool – Nunthorpe needed to be done as a matter of urgency.

The Board was provided with a list of the revised stage 1 proposals for the metro project. It was noted that under the two stage delivery mechanism, the majority of objectives would be delivered in Stage 1 by no later than 2013.

It was advised that Stage 2 would be programmed for around 2017/18, which aligned with build-out of the major regeneration sites, projected growth in (Teesport) rail freight traffic, Network Rail's planned South Tees Re-signalling scheme and progress in the UK with the tram-train trials. Stage 2 would be flexible enough to accommodate heavy rail trains or tram-trains as seen as the most appropriate technology at that time.

It was noted that the JSU had identified some 'early win' elements of the Metro project that would have significant benefits for the existing heavy rail network in the Tees Valley. It was explained that work was ongoing to firm up when the proposals could be delivered.

The Board was provided with information relating to the costs and funding of Stage 1 and 2 of the Metro project. It was recommended that stage 1 of the Metro costing £100 million be submitted to the Interim Regional Transport Board to achieve a regional priority status within the Regional Funding Allocation 1 with the ultimate objective being to achieve funding through Department of Transport Rail rather than the regional Funding Allocation. It was noted that under the proposal the local authority capital contribution would be capped at £10 million with the revenue contribution coming from the Department of Transport.

RESOLVED that:-

1. The latest position on the Metro project be noted.
2. The submission to the IRTB on 12 September, based on the conditions that any Local Authority contribution for Stage 1 is capped at £10 million, and that capital and revenue risks are taken by the DfT be endorsed.

## **8. TEES VALLEY UNLIMITED ANNUAL CONFERENCE**

The Executive considered a report that put forward a proposal for the Tees Valley Unlimited Annual Conference to be held in late November / early December.

It was explained that right from the beginning of Tees Valley Unlimited (TVU), it had been recognised that TVU needed to once a year hold a conference to communicate with the broader partnership the work of Tees Valley Unlimited and to receive feedback.

The Executive were provided with details of the proposal including target audience, the form of the conference and possible venues and were asked for their views. The Executive were also provided with a copy of the draft

programme.

The Executive provided the following comments:-

- It was considered that it would be important to involve as many local stakeholders in the event as possible including those that weren't part of the TVU Boards and that a target audience of 200-300 people should be considered.
- The event should involve an exhibition area and various tours around the Tees Valley to attract interest from outside audiences.
- The Board suggested that a film about the Tees Valley should be commissioned to be premiered at the event.
- Venues such as Wynyard Hall and Wynyard Park would be suitable for such a large event.

RESOLVED that further work be undertaken to progress the proposal.

#### **9. TVU PERFORMANCE REPORT – QUARTER 1 2008/09**

The Board considered a report that provided the first quarter performance update on the Tees Valley Unlimited (TVU) Business Plan Performance Indicators and Targets and the performance of funding programmes directly associated with the Multi Area Agreement. It also put forward a proposal for a TVU Programme Group and the process for decision making in relation to funding programmes.

The Board was provided with a table detailing all of the TVU Business Plan indicators and targets and the quarter 1 performance data where available. It also detailed the timescales for defining and establishing targets for the indicators where they were not yet complete. It was explained that for many of the performance indicators there was only an annual update available.

It was explained that it was essential that the decision making process for TVU was established in a clear and transparent way and could be built upon if and when TVU takes on additional responsibilities. It was noted that at that time TVL managed the HRM funding and Transport for Tees Valley had prepared the Bus Network Improvements bid. It was advised that TVU did not have a Sub Board to oversee Single Programme as there was not currently a programme to manage. It was considered that it would be appropriate to have a single group to oversee the three funding streams particularly for the consideration of reprofiling.

Therefore the establishment of a Programme Group that could consider all the capital programmes was proposed. The Board was provided with a table displaying the proposed decision making process for their consideration.

The Board discussed the proposed decision making process and considered that with reference to the consideration and decision making regarding reprofiling between capital programmes that the figure should be amended to £10m.

The Board was provided with the performance on funding programmes relating to the Multi Area Agreement (MAA).

In particular the Board considered the performance of One NorthEast's Single Programme. It was explained that 82% of projected spend had slipped into the last quarter of 2008/09 which had raised concerns. It was noted that the delays in expenditure had had a direct impact on the achievement of outputs. The Board considered a number of reasons for the delay in spend and outputs. It was noted that a meeting with One NorthEast and GONE was being requested to discuss ways of improving delivery for the financial year 2008/09.

The Board was also informed that quarter 1 spend and outputs in relation to Housing Market Renewal was above that anticipated and the projected spend for the financial year was also forecast to be overspent. It was recommended that the Programme Group consider the issue.

The Executive requested that the performance report include some softer information to go with the data already in the report.

RECOMMENDED to the Leadership Board that:-

1. The process for decision making in relation to funding programmes and the establishment of the TVU Programme Group as detailed in the report be agreed.
2. Consideration of potential overspending be referred to the proposed Programme Group.

RESOLVED that:-

1. The performance on the first quarter in relation to the TVU high level outcomes and MAA targets be noted.
2. The position on the first quarter of the Single Programme 2008/09 and the concerns about the delay in achieving spend this year be noted.
3. The need for detailed discussions with ONE and GONE on improving delivery be endorsed.

4. The position on the HRM first quarter performance and the projected year end position be noted.

**10. TEES VALLEY HOUSING GROWTH POINT DELIVERY PLAN: PREPARATION TIMETABLE**

The Board considered a report relating to the Tees Valley Housing Growth Point Delivery Plan.

It was explained that the Tees Valley was designated a Housing Growth Point Initiative Area by the Department of Communities and Local Government in late July. TVU would now be preparing a Growth Point Delivery Plan to CLG by the end of October and Expressions of Interest for transport projects under the Community Infrastructure Fund by the 15<sup>th</sup> September. CLG had allocated £200,000 revenue for the purpose although it was considered highly unlikely the full resource would be needed.

The Board was provided with a copy of the preparation timetable for the Delivery Plan.

The Board was informed that due to the short timescales E.C. Harris had been appointed to work with TVU to draft up the delivery plan. An officer working group had also been set up to oversee the preparation of the delivery plan. The group comprising representatives of the local authorities and others as required was meeting weekly.

It was explained that as a result of the impact of the Credit Crunch on the housing market a time limited task force had been set up comprising of local authority officers, registered social landlords, the House Builders Federation and Tees Valley Regeneration to identify what measures needed to be taken to maintain outputs/new housing starts over the next 2/3 years with a view to putting proposals in the Delivery Plan and/or engaging with the Homes and Communities Agency to identify the resources needed to deliver the housing targets in the MAA.

It was noted that terms of reference for the two groups were being developed along with a detailed project brief for the work.

RESOLVED that the approach outlined above be endorsed.

**11. NORTH AND SOUTH TEES INDUSTRIAL DEVELOPMENT FRAMEWORK**

The Executive considered a report relating to the North and

South Tees Industrial Development Framework.

It was agreed at the Tees Valley Unlimited Leadership Board on 12<sup>th</sup> December 2007 and the Planning and Economic Strategy Board on the 15<sup>th</sup> January 2008 to undertake a North Tees/South Tees Industrial Development Framework. It was explained that the rationale behind the work was that there was a £7 billion pipeline of investment in chemicals, energy, the port and it was important to ensure that TVU could optimise the use of land, clarify and tackle any infrastructure constraints and development, particularly issues such as the capacity of connections to the national grid, the role of pipelines etc and land ownership. The Framework would therefore bring clarity to potential investors and landowners and help reduce the risks of development for investors.

The Board was informed that the Project Brief would be submitted to ONE for funding and that the budget required was £200,000. The brief had been approved by the project team comprising the Tees Valley JSU, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton on Tees Borough Councils, ONE (regional office), NEPIC, Renew Tees Valley, Tees Valley Regeneration, INCA and the Carbon Trust.

The Board was provided with a copy of the Project Brief.

RESOLVED that the Project Brief be endorsed.

## **12. IMPLEMENTING THE MAA**

The Board considered a report that provided an update on implementing the MAA and the process for negotiating the “asks” that were still to be agreed.

The Board was given details of a meeting held with the Department for Communities and Local Government (CLG) and Government Office North East (GONE) to discuss the necessary actions to ensure that the MAA “asks” could be implemented to the agreed timescales. It was explained that the result of these discussions would feed into a CLG Delivery Plan for all the agreed MAAs. The Board was provided with a table that set out the detailed actions that needed to be put in place to progress to implementation. It was noted that these actions would be subject to the agreement of the CLG Delivery Plan by the Director Generals for each department. It was hoped that the Delivery Plan would be in place by the end of September.

It was explained that in agreeing the Delivery Plan named individuals in the appropriate departments would be allocated

the lead on each of the “asks”. CLG would be facilitating a series of meetings with the appropriate departments and TVU had been asked to provide additional briefing material to support some initial discussions within CLG and for use by the Minister, Hazel Blears in her discussions with other Ministers.

The Board was informed that at the last stages of agreeing the detail of the “asks” that Government would sign up to in July, Government withdrew its support for our request for a long term funding commitment. It was noted that there was no opportunity to change this in advance of signing the MAA but the MAA stated that the achievement of the targets was subject to agreement of some further “asks” where negotiations had not been completed or taken place. TVU had written to John Healey expressing disappointment with the removal of the long term funding commitment “ask” from the agreement and had requested a meeting. A meeting in the second half of September was proposed. TVU had also been asked to prepare a technical briefing note on the issue to support internal CLG discussions in advance of the meeting.

It was explained that no guidance on formal reporting on the MAA had been or would be produced by CLG. It had been indicated that an annual review would be expected but with a light touch approach.

CLG had advised that an extension of the existing MAA to cover employability, skills and enterprise could be negotiated at the annual review. They had advised that TVU should work towards the development of evidence based “asks” for discussion from October onwards with a view to signing off an extended MAA by March 2009.

RESOLVED that:-

1. The outcomes of the discussions with CLG and GONE be noted.
2. The actions to take forward the necessary work to achieve implementation of the ‘asks’ be endorsed.

### **13. ANY OTHER BUSINESS**

11 Million Takeover Day, 27 November 2008 – The Board discussed that it would be useful to get businesses in the local area involved and possibly get a regional approach together for this day. It was agreed that the details would be distributed via TVU to establish if it would be appropriate for the Tees Valley.

**14. DATE OF NEXT MEETINGS**

Wednesday 26 November 2008

Wednesday 25 February 2008