
Report of: Director of Joint Strategy Unit
Report to: Leadership Board
Date: Wednesday 13 June 2007
Subject: THE STORY SO FAR
Item for: Information

SUMMARY

1. This report sets out the progress since June 2006 in developing the business case, implementing the governance arrangements and the recommendations of the Peer Assist Review.

1. PURPOSE OF REPORT

- 1.1 The purpose of the report is to explain progress in implementing the Tees Valley City Region Business Case and the Tees Valley Unlimited governance proposals.

2. THE CITY REGION BUSINESS CASE

- 2.1 At the request of Ruth Kelly, the Secretary of State for Communities and Local Government, the Tees Valley authorities were invited to submit a city region business case to her by the end of September. There was also a request from the Northern Way to produce a second iteration of the city region development programme produced in 2005. It was decided that the City Region Business Case would also be the City Region Development Programme.

- 2.2 The City Region Business Case comprised the following:

- a) A strategy to improve the economic performance of the Tees Valley City Region.
- b) An evidence base to justify the strategy.
- c) A 10 year investment plan, assuming broadly similar levels of investment setting out the priorities for the Tees Valley. The investment plan is a programme of investment which implements the strategy.
- d) A proposal for a multi-area agreement covering the three main funding streams in economic development, transport and housing market renewal which will fund the investment plan.
- e) Governance arrangements for coordinating activity in the Tees valley to improve economic performance.
- f) A green infrastructure strategy.
- g) Outline business cases for key transport schemes.
- h) A case for a housing market restructuring programme.

- 2.3 The City Region Business Case was well received by Government, the regional government agencies, the Tees Valley authorities, authorities in North Yorkshire and County Durham, One NorthEast and the private sector.

3. PEER ASSIST REVIEW

- 3.1 In February a panel of civil servants from DCLG, Treasury, DWP, Department for Transport, Department of Trade and Industry visited the Tees Valley to review the business case and make recommendations to take the business case forward. The Government Office acted as secretariat to the panel. The panel gave its full support to the Business Case and made some additional recommendations to:

- i) Produce a more detailed and disaggregated analysis of sectors of the sub regional economy in particular business and financial services to better understand and clarify their contribution. JSU working with the government office, DTI and other departments as appropriate and local academics.

- ii) Develop a sophisticated skills strategy which shows how the high level skills required for chemicals, energy, advanced engineering etc will be met and how low skill levels will be tackled to bring economic development to disadvantaged communities. JSU working with One NorthEast, LSC, JC+ and Government Office.
- iii) Review the proposed governance arrangements for the Skills and Employability Board, in particular whether it should be just advisory, or have a role in implementation.
- iv) Increase the quality of appraisal to develop and enable a more rigorous and formal process and methodology for prioritisation within and between separate funding budgets. JSU working alongside the Regional Development Agency, HMT and GO.
- v) Examine scope for a sub regional funding allocation exercise, building on prioritised resources allocation and clear identification of freedoms and flexibilities to deliver funding through the MAA. Tees Valley partners work with One NorthEast, the GO and Whitehall partners.
- vi) Consider the basis for a new relationship between the public and private sectors, with less emphasis on publicity-funded direct business support, particularly from individual local authorities, and more on creating a responsive environment within which business can flourish, with appropriate influence over strategic public sector priorities. Tees Valley partners.

The key recommendations of the Peer Assist Review have been incorporated into the work programme.

4. TAKING FORWARD THE GOVERNANCE ARRANGEMENTS

- 4.1 The Tees Valley authorities have approved the governance arrangements for the Board of Tees Valley Unlimited and the various sub boards. Appendix 1 attached sets out the function and membership of the Boards.
- 4.2 It is important to recognise that the governance arrangements are in shadow form for the year 2007/8 in order to allow amendments to be made in the light of circumstances. The membership of the boards has been selected to bring together those organisations and people that can add real value to the overall objective of Tees Valley Unlimited which is to improve the economic performance of the Tees Valley.
- 4.3 There is an important principle which has been set out in the governance proposals;

Tees Valley Unlimited is a partnership coordinating activities across the Tees Valley appropriate to a city region level which will improve the economic performance of the Tees Valley. It is not proposed for the local authorities to delegate any powers to Tees Valley Unlimited.

- 4.4 A key feature of the governance arrangements is the setting up of a private business group to provide a direct input from the private sector to the key issues facing the city region.

- 4.5 The governance proposals also propose a City Region Policy Forum to provide a forum for dealing with policy issues which affect County Durham and North Yorkshire.
- 4.6 The proposals for the Leadership Board allow for a private sector chair, the Leaders/Mayors of the five Tees Valley authorities and five representatives from the private and voluntary sector. In selecting representatives for the Leadership board, the Tees Valley authorities have been keen to choose people who are major players in the economy of the Tees Valley. Soundings have been taken with key regional agencies, politicians and private sector organisations in the Tees Valley. The chair of the Leadership Board will be Hugh Lang of Peel Holdings. The Leadership Board members are Graham Henderson, Vice Chancellor of the University of Teesside, Martyn Pellew, Chair of the Tees Valley Committee of the Chamber of Commerce and PD Ports, Alison Thain, Board Member of One NorthEast and Chief Executive of Tees Valley Housing Group and Alastair MacColl, Chief Executive of Business Link North East. It is intended to appoint a fifth person from the process industries sector.
- 4.7 The Board may be interested to note that the Local Government Association Innovation Forum have granted pilot status to Transport for Tees Valley, the new sub-board dealing with transport.

5. TEES VALLEY JOINT STRATEGY COMMITTEE AND TEES VALLEY PARTNERSHIP

- 5.1 In the course of this year it will be necessary to formally wind up the Tees Valley Joint Strategy Committee and to agree with One NorthEast the process for winding up the Tees Valley Partnership. It is proposed to produce a glossy report which sets out the achievements of the Tees Valley Partnership since 2000.

6. TAKING FORWARD TEES VALLEY UNLIMITED

- 6.1 The agenda for the Executive takes forward the agenda for Tees Valley Unlimited. It sets out:
- a) A work programme for Tees Valley Unlimited
 - b) Details further discussions on a Multi-Area Agreement
 - c) Sets out action which needs to be taken to produce an agreed programme with One NorthEast for 2008/9.

7. RECOMMENDATION

- 7.1 The report be noted.

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TEES VALLEY AUTHORITIES CABINETS

TEES VALLEY UNLIMITED: PROPOSED GOVERNANCE ARRANGEMENTS

JANUARY 2007

1.0 SUMMARY

1.1 This report sets out the proposed governance arrangements using as a starting point the outline proposals set out in the City Region Business Case. The report:

- a) sets out the principles which guide the operation of the Boards;
- b) the terms of reference, composition and accountability arrangements for the Boards and Sub Boards;
- c) an outline implementation programme for setting up Tees Valley Unlimited.

It is important to recognise that Tees Valley Unlimited is a partnership coordinating activities to improve economic performance across the Tees Valley appropriate to a city region level.

The response to the City Region Business Case from Government and regional agencies to the proposals has been very positive. Key elements of the work programme are:

- a) a visit of the Peer Assist group of civil servants from various Government departments from which the Government's formal response to the Business Case will be formulated;
- b) negotiations with One NorthEast to translate the Investment Plan into an agreed capital programme for the period 2007 – 12 which can be incorporated into ONE's corporate plan and in the longer term an agreement; and
- c) continued development of the transport proposals.

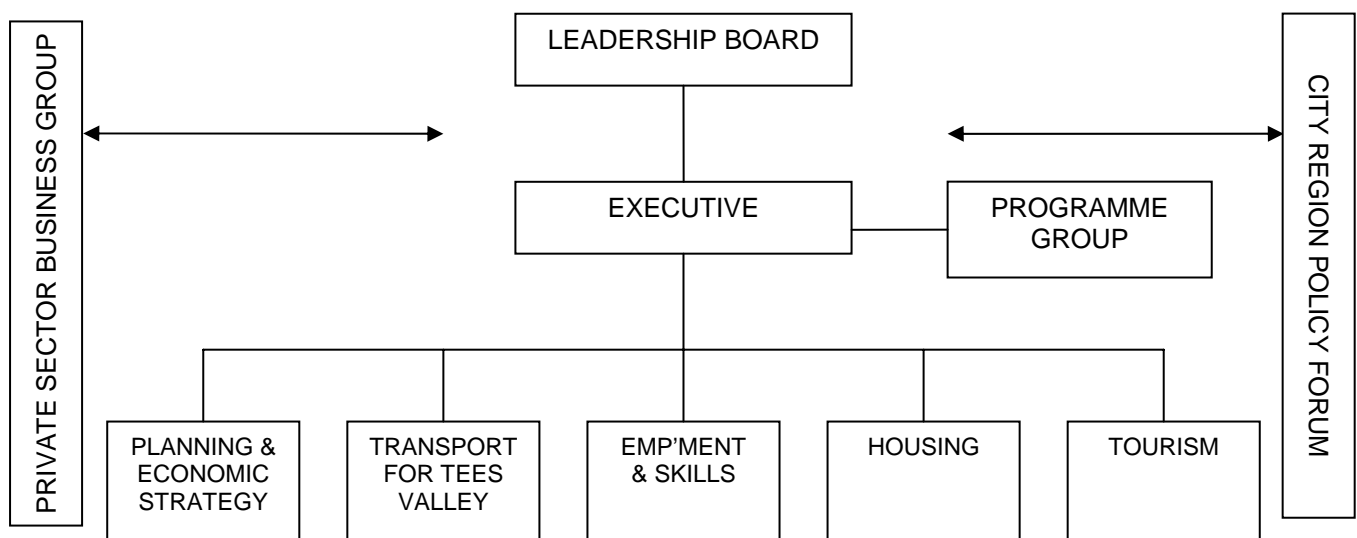
It is expected that the Boards will meet for the first time in the summer.

2.0 RECOMMENDATIONS

2.1 The Cabinet is asked to endorse the governance proposals and the implementation timetable set out in this report.

1.0 INTRODUCTION

The paper takes as its starting point the outline proposals set out in the City Region Business Case, as illustrated below.



Each of the constituent bodies is discussed in turn in the following sections, starting with a quote from the Business Case, and covering issues such as:

- Terms of Reference;
- Composition; and
- Accountability.

The paper concludes with an outline implementation timetable.

2.0 PRINCIPLES

a) Subsidiarity

It is important to recognise Tees Valley Unlimited will deal with issues which can best be dealt with by Tees Valley Unlimited at a city region level to improve the economic performance of the Tees Valley.

b) Partnership

It is envisaged that Tees Valley Unlimited is a partnership coordinating activities across the Tees Valley appropriate to a city region level. It is not proposed at least in the first year for the local authorities to delegate any powers to Tees Valley Unlimited. As progress is made on developing the work of the Boards, and where the partners agree it would be sensible, it may be necessary to delegate powers, but at least for the first year of operation, this is not expected to be the case.

c) Joint Strategy Committee

Tees Valley Unlimited effectively takes over the function of the Joint Strategy Committee. There will need to be a process put in train to wind up the JSC.

d) Voting

There is an issue over where it is appropriate for local authority members to have a vote or where all members of the Board can vote. In certain cases where there are local authority statutory functions e.g. responses to the Regional Spatial Strategy, Transport it is proposed that only local authority members can vote. In other areas such as economic development, all members can vote. There is a concern that unless partners can vote on non statutory matters, they will feel unable to influence policy.

e) Accountable Body

The Multi Area Agreement between the five local authorities and ONE, the Regional Housing Board/DCLG and DfT will need to be ratified by each of the authorities. One authority will act as accountable body for the resources set out in the multi area agreement.

3.0 TEES VALLEY UNLIMITED COMPONENT GROUPS

a). Leadership Board

“The Leadership Board will consist of about 10 members. Five of the members will be representatives of the five Tees Valley Authorities. There would be five other members representing other sectors (such as businesses, education/universities and the voluntary sector). Board level representation of regional agencies would not be formally members of the Board but would be invited to attend and actively contribute to discussions ... The Chair of the Leadership Board would be a non-local authority chair with a local authority representative as the vice chair. The Chair would be appointed for 3 years.”

<p>Terms of Reference</p>	<ul style="list-style-type: none"> • To ensure delivery of the Tees Valley Investment Plan • To achieve the targets set out in the Multi Area Agreements • To deliver the City Region Development Programme • To agree and changes to programme/funding as required to the Tees Valley Investment Plan • Approve any reviews of the Tees Valley City Region Development Programme and other City Regional strategies • Ensure the City Region Development Programme and other strategic reports are reflected in regional, pan-regional and national policies • Engage with local MPs • Meet on a quarterly basis
<p>Composition</p>	<ul style="list-style-type: none"> • Mayors and Leaders of the Tees Valley Authorities • Five representatives from the private/third sector
<p>Accountability</p>	<ul style="list-style-type: none"> • To Government through the MAA • To other funding partners • All members of the Board, including the private sector, have a vote, save on matters arising from sub boards where only local authority representatives can vote

- The intention would be to appoint a Shadow Chair then to identify, with the agreement of Leaders and Mayors, which private/third sector partners should be approached.
- The Chair and non-Local Authority members would serve for a period of three years.

b). Executive

“To advise the Leadership board there needs to be an Executive. The Executive will comprise the five Tees Valley Authority Chief Executives, together with Chief Executives or leaders of other key Tees Valley organisations.”

Terms of Reference	<ul style="list-style-type: none"> • Policy and strategic service to the Board • Monitoring and delivery of the Investment Strategy, the CRDP and the MAA • To report, by exception, progress on project delivery • To make recommendations to the Leadership Board on changes to programme/funding as required • Monthly meetings (in the initial stages, and then may be quarterly to feed into Leadership Board meetings)
Composition	<ul style="list-style-type: none"> • Tees Valley Local Authority Chief Executives and other key public sector sub regional chief executives/private sector organisations chief executives • Observers from ONE, GONE, LSC, Jobcentre Plus, CBI, Chamber of Commerce, Communities England
Accountability	<ul style="list-style-type: none"> • To the Leadership Board

The Executive will be serviced by the Director of the JSU

c). Private Sector Business Group

“The Private Sector Business Leadership Group [will] provide a very direct engagement of the private sector with decisions taken by the City Region as a whole.”

Terms of Reference	<ul style="list-style-type: none">• To provide two-way relationship between the Leadership Board/Executive and the private sector• Quarterly meetings, timed between meetings of the Leadership Board
Composition	<ul style="list-style-type: none">• 10 – 15 members from key private sector partners. 10 core members with provision of a further 5 to be invited depending on the issue.
Accountability	<ul style="list-style-type: none">• N/A

- The Chair, when appointed, will work with the private sector partners to form the Group.
- The JSU will service the Group.

d). City Region Policy Forum

“A Tees Valley City Region Policy Forum is [proposed to be] set up with the County Durham and North Yorkshire authorities to develop policy in particular looking at not only how these areas can benefit from the improvement of the economic performance of the Tees Valley but also how they can contribute to improving the economic performance of the City Region.”

Terms of Reference	<ul style="list-style-type: none"> • To share information on strategic developments that will affect either parties' forward strategy, such as large scale planning applications, transport proposals, housing and spatial planning • Probably six monthly meetings to coincide with the Leadership Board meetings, although may also depend on the Executive and the need for any special meetings to deal with specific issues
Composition	<ul style="list-style-type: none"> • 5 nominated representatives from the Tees Valley, together with representatives from the 2 County Councils and 5 District Councils
Accountability	<ul style="list-style-type: none"> • No direct accountability within Tees Valley Unlimited, but relationship with existing (and future) arrangements in other authorities needs to be clarified

- It is intended that this Forum should be entirely an Officer group, concerned primarily with the co-ordination of strategy.

e) Planning and Economic Strategy

“Coordinating the input of the City Region into the Regional Spatial Strategy, Regional Economic Strategy and the Northern Way and taking forward the strategic economic issues set out in the Business Case.”

<p>Terms of Reference</p>	<ul style="list-style-type: none"> • Co-ordinate delivery of the spatial priorities as set out in the Investment Plan • Co-ordinate the input of the City Region into the RSS, RES, The Northern Way and European policy • Produce research reports into economic issues • Produce an annual monitoring report on the economic performance of the City Region and the success of the CRDP • Take a lead on sector working, eg a logistics sector strategy related to ports and airports • Develop and implement the green infrastructure strategy • Co-ordinate the implementation of the regeneration/place programme and the key spatial initiatives • Liaise with One NorthEast on the key sector initiatives taking place in the Tees Valley
<p>Composition</p>	<ul style="list-style-type: none"> • A Member/Officer group with Cabinet Members for planning/economic development and Officers from the five Tees Valley Authorities • Representatives from CBI, Chamber of Commerce, NEPIC, Renew Tees Valley, Centre for Process Innovation, Tees Valley Engineering Partnership, ONE, LSC, Business Link North East, NEA, North Yorkshire County Council (1 Officer), Durham County Council (1 Officer), Environment Agency, Tees Valley JSU, Tees Valley Regeneration
<p>Accountability</p>	<ul style="list-style-type: none"> • To the Leadership Board (through the Executive) • To funding partners • Local Authority Cabinet Members have a vote on any planning matters – all can vote on economic development matters

f). Transport for Tees Valley

“To develop City Region transport strategy and develop the Tees Valley Metro, Bus Network Improvements and transport issues affecting the trunk road network.”

<p>Terms of Reference</p>	<ul style="list-style-type: none"> • Co-ordinate delivery of the City Region Transport Strategy • Prepare the business case and co-ordinate the delivery of the Bus Network Improvements • Examine options for operating the system and take forward the Tees Valley Metro proposals after they have been progressed to a suitable degree • Prepare the Tees Valley Monitoring Report • Co-ordinate the implementation of transport resources delegated through TIF and the RFA process • Liaise with the Highways Agency and Network Rail on issues relating to the strategic road and rail network • Represent the Tees Valley and making the case for further investment through regional and national bodies, The Northern Way and European Funds
<p>Composition</p>	<ul style="list-style-type: none"> • A Member/Officer group with Cabinet Members for transport and Officers from the five Tees Valley Authorities • Representatives from GONE, ONE, NEA, Highways Agency, Network Rail, Arriva, Stagecoach, Chamber of Commerce, CBI, PD Ports, Peel Holdings, North Yorkshire County Council (1 Officer), Durham County Council (1 Officer), Tees Valley JSU
<p>Accountability</p>	<ul style="list-style-type: none"> • To the Leadership Board (through the Executive) • To funding partners • To Government in delivering major transport schemes • Only Local Authority Cabinet Members have a vote

- There may be a need to set up a limited company to act as the Contracting Authority for the bus and rail network improvements. Composition reflects initial strategy stage- there may be a need to separate out in the future the provider organisations

g). Employment and Skills Board

“To develop a Tees Valley Skills Strategy.”

<p>Terms of Reference</p>	<ul style="list-style-type: none"> • Develop a City Region Employment and Skills Strategy • Identify the key skills needs of the City Region and the programmes required • Address issues relating to Employability, in particular the 20% of the working population with no qualifications • Co-ordinate delivery of the employment and skills work being undertaken by partners and advise statutory agencies on commissioning of mainstream funded delivery • Engage key City Region employers within the process • Encourage people to recognize the value of education and training • Improve the employment offer • Encourage people to become more innovative and enterprising in business, work and training • Prevent issues of underachievement and non-engagement arising at the outset • Ensure that the outputs are aligned with the RES and Regional Employability Framework
<p>Composition</p>	<ul style="list-style-type: none"> • LSC, Jobcentre Plus, five Tees Valley Authorities (Children’s Services and Economic Development/Regeneration Departments), Colleges of Further Education (1), HEFCE, University of Durham, University of Teesside, Business Link North East, CBI, Chamber of Commerce, Federation of Small Businesses, TUC, training providers (1), voluntary sector (1), Tees Valley JSU
<p>Accountability</p>	<ul style="list-style-type: none"> • To the Leadership Board (through the Executive) • It is intended that the Board will advise LSC/Jobcentre Plus on the skills needs of the Tees Valley. As such, it is a strategic advisory body • Primarily an Officer Board, since it is concerned with strategy and co-ordination

h). Housing Board

“To coordinate the delivery of the housing market renewal strategy.”

Existing Arrangements	<ul style="list-style-type: none">• Tees Valley Living
Terms of Reference	<ul style="list-style-type: none">• As existing TVL arrangements• Delivery of the housing market renewal strategy• Liaise with the Regional Housing Board
Composition	<ul style="list-style-type: none">• As existing TVL arrangements
Accountability	<ul style="list-style-type: none">• As existing TVL arrangements, but to the Leadership Board rather than TVP• Cabinet Members only will have voting rights as of now

i). Tourism Board

“To develop and realise the potential for tourism in the Tees Valley.”

Existing Arrangements	<ul style="list-style-type: none">• Area Tourism Partnership (Visit Tees Valley)
Terms of Reference	<ul style="list-style-type: none">• As existing ATP arrangements• Promote tourism• Co-ordinate the development of a programme of major events• Develop programmes to support the development of tourism business and the skills needs of this growing sector• Further items being delivered by the ATP
Composition	<ul style="list-style-type: none">• As existing ATP arrangements
Accountability	<ul style="list-style-type: none">• As existing ATP arrangements, but to the Leadership Board instead of ONE

1.0 OUTLINE IMPLEMENTATION TIMETABLE

January/February

- Leaders and Mayors agree terms of reference and composition of sub boards
- Appoint Shadow Chair
- Visit of Peer Assist Group
- Local Authority Cabinet Approval for proposed arrangements
- Advice on legal issues re wind up of JSC and establishment of TVU

February/March

- Discussions with private sector on the proposals
- Discussions with North Yorkshire and Durham authorities on proposals
- Negotiate with ONE the translation of the Investment Plan into an agreed programme which can form the basis of an agreement with ONE and inclusion in ONE corporate plan
- Discussions continue with DfT on transport projects and DCLG on governance
- Formally respond to City Development Companies consultation paper
- Prepare report restructuring JSU to be able to service TVU
- Response of the Peer Assist Review Group which will be the Government's formal response to the City Region Business Case

April/May

- Agree board appointments where necessary
- Deal with implications of CSR 2007 Review

June/July

- Boards meet for the first time