

# Tees Valley City Region

Multi-Area Agreement

DRAFT No 6





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This document has been produced by the Tees Valley Joint Strategy Unit, working on behalf of the Authorities of Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees, and in partnership with a range of organisations.

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## Executive Summary

The Tees Valley City Region is based around the five towns of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. The sphere of influence of the Tees Valley extends from Peterlee and Durham City in the North to Northallerton in the South and from Richmond in the West to Whitby in the East.

The Tees Valley economy is based on the largest integrated heavy industrial complex in the United Kingdom. The economic performance of the Tees Valley has been generally poor both compared to the UK and international comparisons, but there are signs that the economic performance of the City Region is improving.

For the last two years, gross value added has been growing faster than the national average, there has been £1.5 billion of investment in the chemicals and energy sector, with a further £5 billion additional investment in the pipeline, a new deep sea container port agreed, and expansion of logistics at Durham Tees Valley Airport. If we are to build on recent successes, and accelerate growth, however, we continue to face a number of economic challenges.

Our response to these challenges was set out in the Tees Valley City Region Business Case. The Business Case was not intended to represent a “wish list” of requests from Government, but rather a robust, evidence based appraisal of how we envisage improving the economic performance of the Tees Valley over the next ten years in particular, thus improving the quality of life for our residents, workers and visitors.

The forward strategy contained within the Business Case was centred on two principles:

- Enhancing our existing economic assets; and
- Improving our urban competitiveness through enhancing the quality of place.

Having presented the Business Case as one that encourages delivery, the Tees Valley Partners have not sat back in the intervening period. Given the desire to be at the forefront of the challenge set down by Government for Local Authorities to be “place shapers”, we have pressed ahead, developing our key proposals in more detail, building upon a history of strong partnership working within the City Region over the last decade.

In particular, we have developed what we believe can be included in this Multi-Area Agreement (MAA), which will be one of the first of its kind in the country and could represent a trailblazing form of city regional devolution for polycentric areas outside of the core cities. The MAA is the mechanism by which the place-making elements of the City Region Business Case are implemented.

The proposed MAA includes regeneration, housing and transport, as these are critical to economic development, and one of the strengths of our proposals is the ability of the Tees Valley to join together the currently separate investment streams

with confidence that Government Departments will together provide the necessary backing in a timely manner. For example, the transport network improvements, particularly the Tees Valley Metro proposals, are key to improving the competitive advantage of the Tees Valley as a location for economic activity and building confidence in housing market renewal and growth areas.

The MAA will help deliver Government Departments' Public Service Agreement (PSA) targets, as well as Departmental Strategic Objectives (DSOs), together with a major contribution towards Regional Performance Indicators. In short, the MAA will add significant value to the current arrangements.

The MAA is intended to support the Tees Valley City Region, but the MAA proposal is made on behalf of the five Local Authorities of the Tees Valley alone, as many of the key 'asks' within the MAA could not include the whole of the administrative areas of Durham and North Yorkshire, as required by Government. However, our proposed governance arrangements at sub-Board level include both Authorities, and, where appropriate, their lower tier councils, and the benefits of the MAA will be shared across the whole of the City Region.

Our proposed MAA is a key tool in the implementation of the Review of Sub National Economic Development and Regeneration (SNR). It is a means by which the commitment to appropriate delegation and support for local delivery, where this is appropriate, can be achieved, at both a National and Regional level.

The MAA helps to put the theory of the SNR into practice by providing a means of working in true partnership with ONE and other Government Departments and Agencies, to agree an overall programme of interventions aimed at enhancing economic performance for the City Region.

The MAA seeks to ensure that Government delivers on its commitment to devolve responsibility from Whitehall as set out in the SNR. It is important that financial freedoms are granted to Regions and City Regions so that they can engage the market more effectively in large economic and physical projects, thereby creating better commercial incentives for private sector involvement through the life of the programme. Financial freedoms should include flexibility around regeneration (place), housing and transport funding streams, as well as other funding streams that are being used to deliver our key priorities.

Our proposed MAA does not involve significant additional funding, but is intended to work within the existing funding arrangements and envelopes for the three main capital funding streams relating to regeneration (place), housing and transport. It will operate within the wider investment planning framework, ensuring an effective flow of funding and powers between National, Regional, City Region and Local levels. It will also offer routes to explore innovative and additional financing mechanisms (particularly with the private sector and Central Government).

The investment planning approach ensures there is a strong link from these projects to both the Regional Economic and Spatial Strategies, in addition to the proposed regional growth objective and the Regional Economic Performance PSA7, as well as PSAs 5 and 20 directly, and PSAs 8 and 27 indirectly. In turn, the outcomes from our

MAA can link directly to the DSOs of Communities and Local Government (CLG), the Department for Transport (DfT) and the Department for Business, Enterprise and Regulatory Reform (BERR), as well as the Department for Work and Pensions and the Department for Environment, Food and Rural Affairs.

The Tees Valley sees the MAA as a means of building on the successful partnering arrangements that have developed over time with a view to the future challenges, and within the context of the SNR. Given the work done to date, there is a great opportunity for the City Region, ONE, GONE and Central Government to come together through the MAA to show leadership and maturity in responding positively to the SNR, whilst ensuring the outcomes envisaged are realised.

The key principles underpinning the MAA are as follows:

- The MAA is a mechanism to help to deliver the priorities identified within the Business Case in order to improve economic performance and hence quality of life;
- The MAA is complementary to Local Area Agreements (LAAs), but not in a hierarchical sense – it will draw on local priorities, but not take precedence over them, putting in place the economic infrastructure to enable complementary investments in working neighbourhoods, education and health to happen earlier than would otherwise have been the case;
- The MAA is intended to cover the three main capital funding streams that will support the transformational projects in terms of regeneration (place), housing and transport – these are all acknowledged as vital to economic development and need to be integrated to obtain maximum return on investment; and
- The MAA is intended to be simple and flexible.

The key objective for our MAA has also been agreed is as follows:

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

Our proposals for an MAA involve four elements, namely:

- Priorities;
- Resources;
- Governance; and,
- Performance Monitoring.

Each is considered in turn within the document, and emphasis is placed on our robust, accountable governance arrangements.

Drawing on the City Region Business Case, a series of 'asks' were initially developed under each of the four elements summarised in each of the preceding sections. These were intended to start to form the detail of the MAA.

Through the drafting of this MAA, we have been examining each of these 'asks' in more detail. The most recent work has concentrated on identifying which of the 'asks' are those to be pursued with Central Government, as apposed to those which can be progressed with Regional and City Region Partners.

To this end, there are now five remaining 'asks' which we believe need to be part of this MAA:

- Enhanced delegation to the Region and the City Region, in line with the SNR;
- Certainty of funding over a longer time period (5 or 3 + 2 years), with bi-annual review and renewal, to reflect the bias towards large scale transformational capital projects within our proposed MAA;
- Flexibility to vire resources across different disciplines and the ability to re-profile the sequencing of individual projects;
- A duty for national and regional agencies to participate with the MAA; and
- Development and use of a common appraisal system, based on the HM Treasury Green Book by all funding partners.

These therefore form the basis of the proposed MAA 'offer' in terms of financial arrangements and flexibilities requested.

The added value of our MAA encompasses both and quantitative and qualitative benefits. The quantitative added value comes from a number of sources:

- Outturn cost savings due to an accelerated programme;
- Certainty of delivering key outcomes, particularly increased economic performance (PSA7); and
- Increased private sector leverage.

The qualitative added value comes in four main elements, namely:

- Comfort;
- Certainty;
- Flexibility; and
- Buy in.

We aim to have our MAA operational by the end of June 2008, and our governance arrangements and delivery capacity have been enhanced over the last nine months



in readiness for this. However, we recognise that it may not be possible to finalise the agreement in relation to the five 'asks' within the MAA within the timescale outlined above, given the need for alterations to be made to the operational practices of a number of Central Government Departments.

In this respect, we would seek to agree with Government as many of the 'asks' as possible by the end of June 2008, with a clear commitment from Government to work with the City Region to agree the outstanding 'asks' at the earliest possible opportunity after June 2008 and to include them within any following iterations of the MAA.



## 1. Introduction

- 1.1. The Tees Valley City Region is based around the five towns of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees. It also includes the Borough of Sedgefield. The sphere of influence of the Tees Valley extends from Peterlee and Durham City in the North to Northallerton in the South and from Richmond in the West to Whitby in the East. The City Region including the area of influence, has a population of 875,000 of which 650,000 live in the five Tees Valley Authorities of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton-on-Tees.
- 1.2. The Tees Valley economy is based on the largest integrated heavy industrial complex in the United Kingdom. The economic performance of the Tees Valley has been generally poor both compared to the UK and international comparisons. In 2003, gross value added (GVA) per head in the Tees Valley was £12,280 compared to the UK figure of £16,845 per head. GDP per head is 88% of the European Union average. In comparison to similar industrial areas in Europe, the City Region performs better than Lille or Lorraine but worse than the Ruhr.
- 1.3. However, there are signs that the economic performance of the City Region is improving:
  - Over the three year period to the end of 2006, 12,800 jobs have been created, primarily in the service industry;
  - Economic activity rates are rising from 73% of people of working age in 1999 to 75% in 2005;
  - Employment rates are rising – the proportion of people of working age in employment rose from 65.3% in 1999 to 71.0% in 2005, whereas nationally the rise was more modest, from 73.8% to 74.6%;
  - Despite 16,500 people claiming unemployment benefit in the City Region, there were still 4,800 vacancies in the area at the end of 2006;
  - The City Region is performing at or above the national average in terms of qualifications except NVQ4;
  - Net migration loss has fallen from 1,500 per annum in the 1990s to zero as a result of more people being attracted to the City Region; and
  - Where major regeneration schemes have taken place, for example, Teesdale in Stockton, Hartlepool Marina and Darlington, the financial and business services sector has grown.
- 1.4. In addition, there has been £1.5 billion of investment in the chemicals and energy sector, with a further £5 billion additional investment in the pipeline, a new deep sea container port agreed, and expansion of logistics at Durham Tees Valley Airport.

- 1.5. If we are to build on these successes, and accelerate growth, however, we continue to face a number of economic challenges:
- To grow the Tees Valley economy faster than the UK average to narrow the gap in GVA;
  - To continue the rise in employment in the Tees Valley, to encourage manufacturing industry to innovate and improve its productivity and to develop the service sector, particularly financial and business services;
  - To increase the stock of firms in the City Region;
  - To improve household income and develop less dependency on benefits;
  - To continue to increase economic activity and employment rates and reduce worklessness;
  - To both upskill the workforce to obtain NVQ3/4 qualifications and also reduce the people of working age with no qualifications; and
  - To reduce spatial polarisation within the Tees Valley.
- 1.6. Our response to these challenges was set out in the Tees Valley City Region Business Case. The Business Case was presented to Government in October 2006 in response to the second iteration of City Region Development Programmes (CRDPs) for The Northern Way and following the visit by Ruth Kelly, then Secretary of State for the Department for Communities and Local Government (CLG), in May 2006.
- 1.7. The Business Case was not intended to represent a “wish list” of requests from Government, but rather a robust, evidence based appraisal of how we envisage improving the economic performance of the Tees Valley over the next ten years in particular, thus improving the quality of life for our residents, workers and visitors.
- 1.8. It was supported by a detailed appraisal of our economic assets, an Investment Plan, and business cases for improvements in housing market renewal and transport infrastructure. The detailed work that underpinned the Business Case showed the clear linkages and interdependencies between regeneration, housing, transport and economic development, and this is a strong theme in our forward strategy.
- 1.9. The Business Case was prepared with the full co-operation of the five Local Authorities, Durham and North Yorkshire County Councils, Sedgefield Borough Council, Business Link Tees Valley, Tees Valley Learning and Skills Council (LSC), JobCentre Plus (JCP), Tees Valley Regeneration (TVR), Tees Valley Partnership, One NorthEast (ONE), Government Office North East (GONE) and the North East Chamber of Commerce (NECC).

1.10. The forward strategy contained within the Business Case was centred on two principles:

- Enhancing our existing economic assets; and
- Improving our urban competitiveness through enhancing the quality of place.

1.11. Our economic assets are our world class chemicals industry and research base and its potential for future development both for chemicals and as a national centre for energy development, the development of Teesport as the second largest in the UK, the development of Durham Tees Valley Airport, our potential as a logistics hub, exploiting the research potential of our universities and taking advantage of Defence Estates' proposals to double the size of Catterick Garrison.

1.12. We aim to improve the urban competitiveness and liveability of the Tees Valley through upgrading the business environment, skill base and physical, social and cultural infrastructures, so as to attract and retain high growth, innovative and profitable firms, and an educated, creative, entrepreneurial workforce, thereby enabling them to achieve a high rate of productivity, high employment rate, high wages, high GDP per capita and low levels of income inequality and social exclusion.

1.13. In relation to urban competitiveness, we need to:

- Regenerate the core of our urban areas and develop underutilised vacant and environmentally poor land in central Hartlepool and along both banks of the Tees from Stockton through Middlesbrough to South Bank;
- Provide city scale activities in Stockton and Middlesbrough and improve the quality of life in our main town centres of Darlington, Hartlepool and Redcar;
- Provide a modern competitive transport infrastructure which improves both internal and external connectivity;
- Renew our ageing housing stock which caters for the needs of the early part of the 21<sup>st</sup> Century rather than the needs of the 20<sup>th</sup>;
- Develop in the long term a viable private sector commercial property market without the need for public sector support;
- Reduce the social polarisation of the Tees Valley by providing more opportunities for new housing in the centres of our main towns;
- Create an environment which enhances the stock of business and encourages entrepreneurship;

- Tackle problems of worklessness, lack of skills and social deprivation;
  - Improve the liveability of the Tees Valley by improving our environment, cultural and retail facilities; and
  - Ensure that the towns of County Durham and North Yorkshire can actively benefit from the economic development and regeneration of the Tees Valley.
- 1.14. The Tees Valley City Region Business Case was well received at a Local, sub-Regional, Regional, pan-Regional and National level, and has raised the profile of the City Region as one determined to increase its economic performance, and with a robust plan to ensure that this occurs.
- 1.15. Having presented the Business Case as one that encourages delivery, the Tees Valley Partners have not sat back in the intervening period. Given the desire of the Tees Valley Partners to be at the forefront of the challenge set down by Government for Local Authorities to be “place shapers”, we have pressed ahead, developing our key proposals in more detail, building upon a history of strong partnership working within the City Region over the last decade.
- 1.16. In particular, we have developed what we believe can be included in this Multi-Area Agreement (MAA), which will be one of the first of its kind in the country and could represent a trailblazing form of city regional devolution for polycentric areas outside of the core cities. The MAA is the mechanism by which the place-making elements of the City Region Business Case are implemented.
- 1.17. The proposed MAA includes regeneration, housing and transport, as these are critical to economic development, and one of the strengths of our proposals is the ability of the Tees Valley to join together the currently separate investment streams with confidence that Government Departments will together provide the necessary backing in a timely manner.
- 1.18. We have discussed some of our proposals with a Government Peer Assist Review Panel, convened in February 2007, and taken note of many of the findings included within their report, published in March. This process has been vital in challenging our thinking and provided an opportunity to work closely with Government to develop proposals with mutual benefit.
- 1.19. In November 2007, CLG announced that the Tees Valley City Region was one of 13 (now 14) areas in the country that Government would be working with to develop the first tranche of MAAs, with the signing of the agreement planned for June 2008. We have had a number of discussions with CLG and other Government departments such as the Department for Transport (DfT), as well as representatives of the Local Government Association (LGA) to refine our proposals and explore possibilities for freedoms and flexibilities within the MAA.

- 1.20. We have also worked with our Regional, City Regional and Local Partners to refine our programme of key priorities, to align funding requirements with all levels of available funding streams, to take forward our exciting proposals for a new governance structure, and to establish a performance monitoring framework, including a series of indicators against which our progress can be measured, based on the most recent guidance.
- 1.21. This document is the outcome of much of this work, and sets out a draft of the MAA that will help deliver our City Region Business Case. As with the Business Case itself, it has been prepared with the full co-operation of the five Local Authorities, GONE and ONE, for discussion with CLG, other Government Departments and key stakeholders.
- 1.22. The MAA will help deliver Government Departments' Public Service Agreement (PSA) targets, as well as Departmental Strategic Objectives (DSOs), together with a major contribution towards Regional Performance Indicators. In short, the MAA will add significant value to the current arrangements.
- 1.23. The MAA is intended to support the Tees Valley City Region, but the MAA proposal is made on behalf of the five Local Authorities of the Tees Valley alone, as many of the key 'asks' within the MAA could not include the whole of the administrative areas of Durham and North Yorkshire, as required by Government. However, our proposed governance arrangements at sub-Board level include both Authorities, and, where appropriate, their lower tier councils, and the benefits of the MAA will be shared across the whole of the City Region.
- 1.24. The document provides a clear statement of the rationale and objective of our MAA, its relationship to the City Region Business Case. It also sets out what we believe to be the added value of an MAA, particularly in relation to PSA targets and DSOs, and our timetable for the agreement and signing of the MAA, and the need for commitment from all parties to work towards further agreement on issues that we feel we will be unable to resolve in line with the timetable outlined above.
- 1.25. This draft is commended to all relevant parties for comment, in order to move forward and agree the scope and contents of the MAA within that timescale.

## 2. Rationale and Objective

- 2.1. Our proposed MAA is a key tool in the implementation of the Review of Sub National Economic Development and Regeneration (SNR). It is a means by which the commitment to appropriate delegation and support for local delivery, where this is appropriate, can be achieved, at both a National and Regional level.
- 2.2. The MAA helps to put the theory of the SNR into practice by providing a means of working in true partnership with ONE and other Government Departments and Agencies, to agree an overall programme of interventions aimed at enhancing economic performance for the City Region. Delivery at the appropriate spatial level will be achieved through an agreed investment programme, within a wider strategic regional framework, including individual projects to be delivered by Local Authorities, as well as aspects better delivered at a City Region or Regional level.
- 2.3. The MAA seeks to ensure that Government delivers on its commitment to devolve responsibility from Whitehall as set out in the SNR. It is important that financial freedoms are granted to Regions and City Regions so that they can engage the market more effectively in large economic and physical projects, thereby creating better commercial incentives for private sector involvement through the life of the programme. Financial freedoms should include flexibility around regeneration (place), housing and transport funding streams, as well as other funding streams that are being used to deliver our key priorities.
- 2.4. In examining the links between the MAA and both Regional and National policy, the agreement again can be viewed as a mechanism to help implement both at the City Region level. The MAA proposals developed by the Tees Valley concentrate on those projects related to “place shaping”. The accompanying investment plan will be jointly negotiated and delivery mechanisms agreed, drawing on capacity at the Regional, City Regional and Local levels.
- 2.5. Our proposed MAA does not involve significant additional funding, but is intended to work within the existing funding arrangements and envelopes for the three main capital funding streams relating to regeneration (place), housing and transport. It will operate within the wider investment planning framework, ensuring an effective flow of funding and powers between National, Regional, City Region and Local levels. It will also offer routes to explore innovative and additional financing mechanisms (particularly with the private sector and Central Government).
- 2.6. The investment planning approach ensures there is a strong link from these projects to both the Regional Economic and Spatial Strategies, in addition to the proposed regional growth objective and the Regional Economic Performance PSA7, as well as PSAs 5 and 20 directly, and PSAs 8 and 27 indirectly. In turn, the outcomes from our MAA can link directly to the DSOs of CLG, DfT and the Department for Business, Enterprise and Regulatory



Reform (BERR), as well as the Department for Work and Pensions (DWP) and the Department for Environment, Food and Rural Affairs (Defra).

- 2.7. The SNR recognises that there must be delivery capacity and capabilities at the City Region level. The Tees Valley Authorities and the Joint Strategy Unit have all been building up capacity, particularly at a senior level, to respond to this challenge, and negotiations are well advanced with ONE on new ways of working that put the SNR into practice in terms of project appraisal and management. The proposed governance arrangements for the City Region will also provide greater capacity for devolution of planning and delivery of major investment projects.
- 2.8. The MAA is founded on a strong and accountable governance structure that should provide such confidence without requiring primary legislation, nor challenging the legal status of any existing organisation. The investment planning process will allow the appropriate delivery mechanisms to be identified and will provide the assurance that capacity exists to take forward the individual elements of the programme.
- 2.9. The rationale for the MAA has always been clear at a City Region level – it is a mechanism to help deliver the City Region Business Case. This has been agreed through the City Region Executive and Leadership Board, along with other key principles. This means that the MAA needs to evolve as the Business Case is delivered, and should be flexible enough to respond to this.
- 2.10. The MAA seeks to provide a means to deliver an agreed set of City Region priorities quicker and more cost effectively than would otherwise have been the case. It seeks to work within existing structures and responsibilities, maintaining existing lines of accountability, to ensure that programmes and projects are developed and appraised jointly at the right spatial level, with approval for funding sitting with ONE, and will work to overcome existing barriers to effective delivery.
- 2.11. The MAA also seeks to reduce the risk traditionally associated with project delivery that ordinarily results in delays and cost increases, and are aimed at ensuring that Government Departments meet their PSA targets and DSOs, at least in line with the contributions anticipated from the Tees Valley.
- 2.12. The City Region Business Case and the supporting Investment Plan have a planning period of 10 years. The MAA is intended to cover a shorter financial planning period of five years, ensuring that the agreement itself needs to be flexible to adapt to change over that period, and any targets set will be long term, supported by appropriate milestones to demonstrate that progress is being made. For the Tees Valley, this also means that the MAA should provide a mechanism to continue delivery beyond the lifetime of TVR, the existing Urban Regeneration Company.
- 2.13. In short, the Tees Valley sees the MAA as a means of building on the successful partnering arrangements that have developed over time with a view to the future challenges, and within the context of the SNR. Given the

work done to date, there is a great opportunity for the City Region, ONE, GONE and Central Government to come together through the MAA to show leadership and maturity in responding positively to the SNR, whilst ensuring the outcomes envisaged are realised.

2.14. Much of the content of the MAA is also aimed at addressing the economic challenges and the tasks related to improving urban competitiveness that are set out in the preceding section.

2.15. In view of the above, the Partners have agreed a set of principles underpinning the MAA:

- The MAA is a mechanism to help to deliver the priorities identified within the Business Case in order to improve economic performance and hence quality of life;
- The MAA is complementary to Local Area Agreements (LAAs), but not in a hierarchical sense – it will draw on local priorities, but not take precedence over them, putting in place the economic infrastructure to enable complementary investments in working neighbourhoods, education and health to happen earlier than would otherwise have been the case;
- The MAA is intended to cover the three main capital funding streams that will support the transformational projects in terms of regeneration (place), housing and transport – these are all acknowledged as vital to economic development and need to be integrated to obtain maximum return on investment; and
- The MAA is intended to be simple and flexible.

2.16. Again drawing on the foregoing, the key objective for our MAA has also been agreed is as follows:

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

2.17. This means that the intended link between the MAA and the City Region Business Case, and the key principles, are embedded within the key objective – the MAA is about delivering our priorities identified within the Business Case in order to improve economic performance and hence quality of life. Improving economic performance has a direct link to PSA7, as well as the DSOs of CLG, DfT and BERR.

- 2.18. Based on the key objective of the MAA, it is logical that the content of the MAA reflects the mechanism(s) by which this objective is going to be achieved and monitored. We felt that our MAA needs to concentrate on the areas where City Region working can deliver real benefits, but that it also needs to be readily understandable to a range of Partners and be clear about what it is trying to do.
- 2.19. In other words, we needed to answer the simple questions: “what?”, “when?”, “how?” and “why?”. Therefore, our proposals for an MAA involve four elements, namely:
- Priorities;
  - Resources;
  - Governance; and,
  - Performance Monitoring.
- 2.20. The following four sections describe each of the above in more detail.
- 2.21. The diagram at Appendix A illustrates the evolution of the MAA, showing how the starting point was the City Region Business Case, with its supporting Investment Plan, how the latter document has now been developed in more detail for each of the three main capital funding streams proposed within the MAA, and, finally, with the MAA itself acting as the principal delivery mechanism.
- 2.22. It is worthy of note at this stage that the MAA proposed at present does not include skills and employability, even though it is clear that both play a significant role in improving economic performance. The reason behind this approach is explored in more detail in Section 8 of this document, but it is intended that skills be brought into this MAA as proposed, or in an amended form, at the appropriate time.

### 3. Priorities

- 3.1. In terms of priorities, our City Region Investment Plan, produced as a supporting document to the City Region Business Case, included detailed proposals for the physical and economic regeneration, housing market renewal, transport, skills, cultural and environmental interventions, all of which we feel are best delivered at a City Region level to achieve our economic regeneration objective.
- 3.2. Drawing on the principles set out in the preceding section, our MAA is intended to comprise the three capital funding relating to regeneration (place), housing and transport, at least in the first instance. As mentioned previously, it is not proposed to include skills at this time, although we would wish to make the MAA flexible enough to accommodate skills in the near future.
- 3.3. Since the publication of the Investment Plan in 2006, further work has been undertaken to refine the priorities within each of these funding streams, first on an individual basis.
- 3.4. This has culminated in the production of a Single Programme Delivery Plan, a Housing Market Renewal Business Case and a City Region Transport Strategy, where the key capital projects and programmes are set out up to 2016. Alongside the second of these, a bid has also been prepared to establish the Tees Valley as a housing growth point.
- 3.5. The interventions set out in all of these documents are proposed to form the overall programme within the MAA, and represent the “**what**” and “**when**” elements of the MAA. The documents also set out the key outputs outcomes envisaged through each of these capital programmes, all of which will contribute to the MAA outcomes explored later in this document, and ultimately towards PSA7 (as well as PSAs 5 and 20) and the DSOs of CLG, DfT and BERR.

#### Single Programme Delivery Plan

- 3.6. In order to take forward our City Region Investment Plan, ONE has been discussing with the Tees Valley Partners the make-up of the single programme funding profile for inclusion within the update of its Corporate Plan. ONE challenged Tees Valley Unlimited (our new City Region Metropolitan Economic Partnership) to develop a prioritised forward programme that delivers the City Region Business Case and the Regional Economic Strategy (RES) Action Plan.
- 3.7. The Single Programme Delivery Plan contains the Tees Valley’s response to this challenge, particularly in terms of:
  - The strategic ‘fit’ of our spatial initiatives with ONE’s corporate objectives and priorities;

- The presentation of a programme of interventions within a broadly defined funding envelope;
- The forecasts of some key outputs that will contribute to overall economic regeneration;
- The way that we will manage risks; and
- The relationship of the single programme interventions to other elements of the RES Action Plan and the City Region Business Case.

3.8. The Delivery Plan provides an overview of our three spatial priorities, namely:

- Darlington Gateway;
- Stockton Middlesbrough Initiative; and,
- Coastal Arc.

Each of these is multi-dimensional, comprises housing and transport elements as well as simply placed-based investment, and includes a significant level of private sector contribution.

3.9. The **Darlington Gateway** is a long term vision and strategy for economic growth in the western part of the Tees Valley. The strategy for 2007 - 2020 therefore identifies the need to continue the supply of employment land, whilst acknowledging that it will also need to be widened to ensure that the benefits of the regeneration are sustained and are brought to all. The focus of the next stage of the spatial initiative is on addressing these needs.

3.10. In terms of location, there is to be a particular focus on the area between the town centre and the railway station and the Central Park development, to ensure a strong, cohesive, regenerated town continues to develop, and further feasibility work to determine the scope and content of the next stage is ongoing.

3.11. The **Stockton – Middlesbrough Initiative (SMI)** is a 20 year vision focusing on the urban core of the Tees Valley. The aim is to create vibrant town centres, an active and attractive river corridor and 21<sup>st</sup> century connections and infrastructure. The focus of the investment is to create the kind of city scale environment and access to facilities found in most urban areas of comparable size, combined with activities to tackle the social and economic aspects of deprivation.

3.12. As well as the town centres, SMI is also aimed at focusing regeneration on the river corridor that links the town centres, dubbed the Green Blue Heart. The overarching concept is to promote connectivity and critical mass between the existing town centres, focusing on the creation of a high-quality, distinctive landscape at the heart of the Tees Valley City Region. Revised masterplanning work is now complete, and sets out a bold vision for a

modern, eco-friendly development and transform local and external perceptions of the area.

- 3.13. The **Coastal Arc** programme represents a comprehensive approach, through a long term holistic strategy for the sustainable regeneration of the coastal communities of Hartlepool with Redcar & Cleveland, to developing and diversifying their local economies. It builds upon a rich mix of investment opportunities, natural assets, historical and cultural resources and popular visitor attractions and destinations existing within these two coastal areas.
- 3.14. Coastal Arc is an economic regeneration initiative, although tourism is a key driver. The programme is essentially about attracting new investment, significantly enhancing the physical environment, securing economic inclusion and making a critical contribution to the regional tourism offer.

### **Housing Market Renewal Business Case/Growth Point Bid**

- 3.15. The Housing Market Renewal Business Case 2008 – 11 was submitted to CLG in November 2007, and sets out the continuing need to invest in housing market renewal throughout the City Region to build on the success to date, with the five Local Authorities having purchased more than 2,300 properties for redevelopment since 2003.
- 3.16. The forward programme advocates that redevelopment take place where previous refurbishment options have failed to arrest the neighbourhood decline. The areas in which HMR activity will be concentrated include:
- North Central Hartlepool;
  - Gresham, Middlesbrough;
  - South Bank Renewal Area; and
  - Parkfield, Stockton.
- 3.17. In February 2008, CLG announced that the City Region is to receive £35 million in HMR funding up to 2011, in addition to £15.4 million of SHUP funding already secured from the Regional Housing Board. Up to £65 million of public sector funding will also be invested in HMR sites over the next three years, generating a further £214 million of investment from the private sector.
- 3.18. In October 2007, the Tees Valley submitted a bid to become a Housing Growth Point, based around accelerating planned housing growth on sites already earmarked for such development rather than bringing forward new sites.
- 3.19. The bid includes 29 sites across the City Region each with a capacity for over 100 units, will supplement the HMR proposals and allow the Tees valley to escape from the narrow confines of the existing housing market to further support the economic regeneration of the City Region.

- 3.20. An announcement of the success of the bid is expected in May, following which a more detailed delivery plan will be prepared for agreement with CLG. This will mark an important change from an HMR-based approach towards one of growth, but needs to complementary investment in regeneration and transport to ensure that the planned housing growth is delivered more efficiently and effectively.

### City Region Transport Strategy

- 3.21. The City Region has worked together to develop a coherent transport strategy, titled “Connecting the Tees Valley”, which responds directly to the challenges of the Eddington Review, and is consistent with the proposals outlined within the draft Local Transport Bill. It aims to support the economic regeneration of the City Region by providing a multi—modal integrated transport system that is “fit for purpose”.
- 3.22. The **Tees Valley Bus Network Improvements** is a major local transport scheme that will not only provide longer term stability within the bus network, but will offer a step change in public transport provision to the passenger in terms of frequency, reliability, quality and convenience, with a co-ordinated approach to public transport provision.
- 3.23. The total value of investment in the network is some £60 million up to 2012, shared between the Local Authorities, the Government and the bus operators, with the aim of reversing the decline in bus patronage and creating growth of up to 10% by 2016. The project will most likely be delivered through a Statutory Quality Partnership, which will be the first multi-Authority, multi-operator partnership within the UK, of which the Board will be a co-signatory.
- 3.24. Proposals have been developed by TVR for a high quality, fast and reliable City Region **rail-based solution** to assist regeneration and help to avoid the transport problems that would otherwise arise as economic activity gathers pace. The preferred option is an innovative mechanism that makes best use of the existing rail infrastructure to provide an increased frequency of service throughout the working day, new tram-train rolling stock with higher levels of passenger quality and comfort, and a number of new stations along the route, serving key employment sites, major regeneration areas and the main hospitals.
- 3.25. A detailed examination of engineering feasibility is being undertaken in partnership with Network Rail to review the current cost estimate of £140 million and determine the value of planned renewals that can be diverted to part-fund the project. Work is also being undertaken in conjunction with the DfT to explore the implications for future subsidies and what this may entail for future franchise arrangements.
- 3.26. The Tees Valley Authorities are working with the Highways Agency in an innovative way to overcome potential delays in bringing forward development sites by developing an **Area Action Plan** that will set out the agreed long term requirements for the highway network to support the levels of development

envisaged. The methodology being used takes an innovative approach to demand management by starting from the principle that the transport network in the Tees Valley is a valuable commodity whereby capacity is allocated on the basis of need and availability of alternatives as well as fiscal measures.

- 3.27. In this way, the Tees Valley will take a pro-active role in the ongoing debate on demand management whilst developing proposals sympathetic to the nature of the network and the wider local, regional and central Government aspirations. The work is likely to develop a programme of improvements totalling some £100 million up to 2026, with early interventions considering ramp metering, high occupancy vehicle (HOV) lanes and active traffic management (ATM).
- 3.28. In all of these priorities, the City Region has been working with private sector bus operators and the Highways Agency and Network Rail to work together to ensure that each parties' investment can be discharged more effectively and accountably for a common purpose.
- 3.29. This adds value to the complementary investment in regeneration and housing and is key to improving the competitive advantage of the Tees Valley as a location for economic activity and building confidence in HMR and growth areas. The Tees Valley Metro proposals, for example, are vital to this.
- 3.30. Finally, building on the encouraging results from the Sustainable Towns Demonstration project in Darlington, the Board is currently considering how Partners can take forward the '**Smarter Choices**' agenda at a City Region level. Darlington has found a reduction of up to 9% in peak hour traffic flows within the city centre, with significant environmental benefits. In line with this, is the development of an **Intelligent Transport Systems** strategy, linked to a wider project to provide high quality broadband connections for businesses, in partnership with ONE.



## 4. Resources

- 4.1. Delivery of our investment priorities will be related to the availability and flexibility of resources, both physical and fiscal. It will be important within the forward programme to understand what freedoms and flexibilities will be provided under the MAA to allow us to maintain overall delivery through effective programme management.
- 4.2. Through the more detailed production of the three documents listed previously, we have been able to develop a funding plan for the three capital funding streams, based on the programme envisaged and the likely funding envelopes. This is summarised at Appendix B and will represent part of the “**how**” element of the MAA.
- 4.3. As can be seen, the capital funding streams that are to be included within the MAA total some £\*\* million over the period of the MAA. However, this funding will also be matched by some £\*\* million of local investment, and is expect to lever in around £\*\*\* million of private sector investment.
- 4.4. This funding plan will be kept under review throughout the period for which the MAA is operational, and changes will be reported through the City Region governance structures described in the following section in addition to individual funding partners.

This section (and Appendix B) to be updated when further information on funding streams and contributions has been agreed.

## 5. Governance

- 5.1. Our governance proposals adopt an evolutionary, rather than revolutionary, approach to City Region working, whilst providing clear accountability and a true partnership between the public and private sectors. Such a strong and accountable structure is necessary to ensure delivery and is a pre-requisite of additional devolution to the City Region.
- 5.2. The Business Case set out our outline proposals for a new Metropolitan Economic Partnership to reflect our City Region needs and deliver the priority projects. This organisation has been called Tees Valley Unlimited, which is a partnership co-ordinating activities across the Tees Valley appropriate to a level concerned with improving the economic performance of the City Region, but with a strong role in driving forward the Business Case and the projects within it.
- 5.3. Tees Valley Unlimited will manage a wider range of programmes and investments than the current sub-regional partnership arrangements. The new arrangements also create strategic capacity to influence Regional and National policy, as well as building local capacity for scheme delivery.
- 5.4. Tees Valley Unlimited consists of a number of elements as follows:
  - Leadership Board;
  - Executive;
  - Five sub-Boards to cover the range of City Region working – planning and economic strategy, transport, employment and skills, housing and tourism;
  - City Region Policy Forum; and
  - Private Sector Business Group.

A diagrammatic representation of the hierarchy and structure is included in the diagram at Appendix C, and represents the other part of the “**how**” element of the MAA.

- 5.5. The Leadership Board will monitor delivery of the MAA, the City Region Business Case and the supporting delivery plans, agree changes to the programme and funding, and review City Region strategies. It will ensure that these strategies are reflected in Regional, pan-Regional and National policies. This board comprises of the Tees Valley Local Authority Leaders and Mayors with representatives from the private sector, with a private sector chair, currently Hugh Lang, Managing Director of Durham Tees Valley Airport.
- 5.6. The Executive will ensure delivery of the MAA, the Business Case and the projects within each, reporting the progress of the programme to the Leadership Board. It will also recommend changes to the programme and

funding to the Leadership Board. The membership will be the Tees Valley Local Authority Chief Executives and other key Chief Executives from City Region public sector bodies and the private sector. There are also observers from Regional and National organisations.

- 5.7. Each of the sub-Boards will co-ordinate the delivery of their elements of the Business Case, in particular the key interventions. Sub-Boards generally comprise Officers and Cabinet Members from the Tees Valley Authorities that have responsibility for relevant discipline, with representatives from trade organisations, City Region, Regional, and National bodies, and North Yorkshire and Durham County Councils, all involved in the delivery of the priorities.
- 5.8. The City Region Policy Forum comprises Officers from the Tees Valley City Region and the Durham and North Yorkshire Authorities. The forum will aid sharing of information for strategy development, producing policy that takes into account the inter-linkages between the Tees Valley's economic performance and that of County Durham and North Yorkshire.
- 5.9. As highlighted previously, the intended 'asks' and current administrative arrangements do not allow either authority to be party to the freedoms and flexibilities intended, so these arrangements, together with their participation on each of the sub-Boards, is seen as the most effective way to ensure good linkages and that the benefits of investment within the Tees Valley can be felt across the City Region.
- 5.10. The Private Sector Business Group provides direct engagement between the Leadership Board, Executive and the private sector. It will act as a two-way discussion group where the private sector can input into the actions of the City Region, and the City Region can consult on decisions with the private sector.
- 5.11. Each Local Authority will still maintain existing powers and voting rights, although the representation of Leaders, Mayors, Chief Executives and Lead Members at all levels should provide a high level of support that can be used for decision making at individual Authority level.
- 5.12. The legal agreement for setting up Tees Valley Unlimited is included at Appendix D. The new governance structure has been operating in shadow form since May 2007, and will be formalised along with the signing of the MAA in June 2008.
- 5.13. Tees Valley Unlimited is not a legal entity. It has been agreed therefore that Stockton-on-Tees Borough Council will be the accountable body for the employment of staff of the Tees Valley JSU and for managing the finances of the MAA.
- 5.14. For the past seven years, the Council has performed this function for the management of the £24 million Tees Valley Partnership annual programme "delegated" from ONE. Appendix D also contains an example of a legal

agreement between the Council and the other four other Authorities that spreads the accountability of the programme across the Tees Valley.

- 5.15. Pursuing this arrangement that has already been established and worked so well in the past should provide greater comfort in the proposed governance arrangements, with robust accountability procedures based on firm foundations.

## 6. Performance Monitoring

- 6.1. The detailed economic analysis presented as part of the Business Case identifies a series of key economic challenges which all of our proposals are designed to address. Therefore, we already feel we have a robust evidence base from which to develop a series of indicators and targets as part of a performance monitoring framework.
- 6.2. This approach is re-iterated within the LAA/MAA operational guidance, which suggests that MAA indicators may not necessarily be drawn from the National Indicator Framework, and may indeed be more related to PSA indicators as set out in the 2007 Comprehensive Spending Review.
- 6.3. Within this wider context, the City Region felt that it would be preferable to link our suggested MAA indicators in the first instance to the main economic challenges within the City Region Business Case. This will represent the “**why**” element of the MAA, and be the means by which delivery is measured, drawing on local priorities and feeding in directly to national priorities.
- 6.4. Hence our suggested indicators are as follows:
  - M1 – Gross Value Added per Head;
  - M2 – Increase in Business Stock;
  - M3 – People of Out of Work Benefits;
  - M4 – Overall Employment Rate;
  - M5 – Reliability of City Region Road Network;
  - M6 – Net Additional Homes Provided; and
  - M7 – Per Capita CO<sub>2</sub> Emissions from Industrial Premises.
- 6.5. At present, the suggested MAA indicators do not include any relating to skills, as this is not yet included within the proposed MAA, but we would expect to include such indicators if and when this funding stream, and any others, are included within the MAA at a later date.
- 6.6. It is also important to recognise how these MAA indicators relate to the LAA indicators for each of the Tees Valley Authorities, as well as the Regional Performance Indicators and PSAs. This is shown in the first table at Appendix E.
- 6.7. Appendix E also includes an illustration of the relationship between LAA and MAA indicators in terms of a Venn diagram, showing that this relationship is a complementary one, rather than hierarchical.

- 6.8. As mentioned previously, there are also links from each of the MAA indicators to the DSOs agreed by CLG, DfT and BERR (as well as DWP and Defra), in addition to a number of DSOs agreed by these Departments. The final diagram at Appendix E shows the linkages between PSAs, DSOs, the proposed MAA indicators, and also Regional Performance Indicators and the National Indicators.
- 6.9. As well as these headline indicators, there is also merit in tracking two other types of indicator, namely:
- **Contributory Indicators** – for monitoring the work of the five sub-Boards and providing their targets – these indicators should represent changes that will influence and contribute to one or more of the economic challenges represented by the MAA Indicators; and
  - **Contextualising Indicators** – covering the general background trends in the Tees Valley.

Both of these sets of indicators will likely have close links to those within the National Indicator set that will be tracked by the Tees Valley Authorities.

- 6.10. In terms of targets, the City Region proposes to take the conscious step of only setting targets at the appropriate level, that is, where the interventions that comprise the main capital funding streams within the MAA will have the most direct impact.
- 6.11. For each of the MAA indicators, a ‘causal chain’ has been developed to identify the links between the interventions, their outputs, the associated outcomes and the ultimate impact. It is proposed that targets will be set for the MAA at the intervention and/or output level, as these are the most appropriate at the present time, although the outcomes and impacts will be monitored through the overall MAA indicator set. These are available separately, and are for further discussion.
- 6.12. The resulting targets, and the associated trajectories, will be included at Appendix E in the final MAA. Progress on each of these will be reported through the new governance structure described in the previous section, to individual funding partners, and in an annual “State of the Tees Valley” report.

Targets to be set after further discussion with Government, and once the Single Programme Delivery Plan has been agreed with ONE.

## 7. The Agreement

7.1. Drawing on the City Region Business Case, a series of 'asks' were initially developed under each of the four elements summarised in each of the preceding sections. These were intended to start to form the detail of the MAA.

7.2. For Priorities and Resources, the 'asks' were:

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

7.3. For Governance and Performance Monitoring, the 'asks' were:

- Support for flexible governance arrangements suggested;
- Duty for national and regional agencies to participate;
- Tees Valley Unlimited to become a statutory consultee in addition to Local Authorities;
- 'Buy in' across all Government departments;
- Common appraisal system based on Treasury Green Book; and
- Streamlined approach to performance monitoring.

7.4. Through the drafting of this MAA, we have been examining each of these 'asks' in more detail. The most recent work has concentrated on identifying which of the 'asks' are those to be pursued with Central Government, as apposed to those which can be progressed with Regional and City Region Partners.

- 7.5. The table included at Appendix F sets out the 'asks', the rationale behind them, and how recent progress has helped to clarify how the 'asks' can be progressed and/or achieved.
- 7.6. When considered in more detail, many of these can be agreed or delivered without a new MAA – in fact, around 60% of the 'asks' do not actually involve a new form of agreement with Central Government, and, in many cases, significant progress has already been made in securing any necessary concessions.
- 7.7. This just leaves five 'asks' that have been progressed as far as possible with Partners, and hence we believe require a new agreement with Government:
- Enhanced delegation to the Region and the City Region, in line with the SNR;
  - Certainty of funding over a longer time period (5 or 3 + 2 years), with bi-annual review and renewal, to reflect the bias towards large scale transformational capital projects within our proposed MAA;
  - Flexibility to vire resources across different disciplines and the ability to re-profile the sequencing of individual projects;
  - A duty for national and regional agencies to participate with the MAA; and
  - Development and use of a common appraisal system, based on the HM Treasury Green Book by all funding partners.

These therefore form the basis of the proposed MAA 'offer' in terms of financial arrangements and flexibilities requested.

- 7.8. The City Region has undertaken further work on each of these 'asks', in addition to a more detailed examination of the process of delegation, and the outputs from this work, designed to support the 'asks', are included in a series of Technical Notes, included here at Appendix G.
- 7.9. Drawing on this, and the foregoing principles, objectives and framework for the agreement, our suggested agreement is relatively simple, as set out overleaf.
- 7.10. The Partners have also been considering the issue of risk and risk management in relation to the proposed MAA, and proposals to address risk have been developed in parallel to this draft MAA.



**Tees Valley Unlimited will ...**

- ... deliver a broad programme of strategic investment priorities;
- ... manage the programme against the confirmed and anticipated funding envelopes; and
- ... deliver the outcomes set out across the City Region.

**In return, the Government will ...**

- ... provide certainty of funding for the main capital funding streams over 5 year period, with bi-annual review and renewal;
- ... allow the City Region to vire resources across different disciplines (and funding streams);
- ... allow the City Region to re-profile the sequencing of individual projects, up to 25% of project value or total in any given year;
- ... implement a duty for national and regional agencies to participate with the agreement; and
- ... commit to use a common appraisal system for all projects included within the component capital projects.

## 8. Future Flexibility

- 8.1 The last of the four key principles of our MAA set out in Section 2 was that the agreement should be simple and flexible. The relatively short nature of this document tries to ensure that the first is satisfied, and the framework and structure of the proposed MAA tries to ensure the second is also achieved.
- 8.2 The MAA at this time is focused around three main capital funding streams, and the projects that these will be utilised to deliver. That is not to say, however, that over the course of the agreement, the City Region would not wish to bring in additional funding streams, at the appropriate time, and provided that funding complexities, particularly relating to capital and revenue funding, can be addressed.
- 8.3 Examples of future funding streams that could be included in the MAA are:
- Skills;
  - Employability; and
  - Culture.
- 8.4 The Tees Valley Authorities recognise that skills and employability are key drivers in improving our economic performance, but, as identified by the Government Peer Assist Review Panel, the City Region did not have an overall strategy for skills and employability, as existed for regeneration, housing or transport. It is therefore considered premature for these to be included in the MAA at this stage.
- 8.5 Work is ongoing to develop strategies for tackling high level skills and employability issues, and the Employment and Skills sub-Board has been charged with agreeing these strategies by the end of 2008. At this time, we will actively investigate the means by which skills and employability can be incorporated into the MAA, with the intention of to develop a revenue-based MAA proposal for submission in 2009.
- 8.6 Similarly, work to develop a City Region Culture Strategy is also ongoing, with completion expected in early 2009. Again, at this point, the City Region will decide whether it is appropriate to include this within any future iteration of the MAA.
- 8.7 Where the City Region requests that the MAA be expanded to bring in any of these funding streams, or others, it will assess the means by which the core agreement set out in the preceding section can be applied to the particular funding stream.
- 8.8 Should this be suitable, and agreement to expand the MAA be reached with the relevant Government Department and other partners, the Funding Plan, Governance Structure and Performance Monitoring Framework presented in

this document will also be reviewed and revised as necessary, and updated versions prepared to accompany the revised MAA.

- 8.9 However, it should be noted that the proposed governance arrangements already include sub-Boards covering the possible areas of expansion, both of which are responsible for the development of the City Region strategies outlined above.
- 8.10 Significant discussions were also held between the City Region Partners on the inclusion of climate change issues within the MAA, particularly as the Tees Valley has an agreed Climate Change Strategy. However, as many of the actions to deliver this strategy are either part of the capital projects already included within this MAA, or are being taken forward by the Local Authorities themselves, it was agreed that the inclusion of indicator M7 would demonstrate the important links between climate change and economic performance, and allow us to ensure that the latter was not being achieved at the detriment of the former. The diagram at Appendix E also shows how Defra PSAs 27 and 28 and one of its DSOs link to the areas of regeneration, housing and transport that are included within the MAA.

## 9. Added Value

- 9.1. Much of the background work to our MAA has been done through our City Region Business Case and through existing partnerships within the Tees Valley. We are committed to delivering our Business Case, managing the programme within individual funding streams as best we are able, and leveraging in as much private sector investment as possible.
- 9.2. Our new governance arrangements have been set up in shadow form and will be fully operational in June 2008, and we will track key indicators for an annual "State of the Tees Valley" report and specific targets based on the key interventions. So, if we are doing all of that, what is the added value of an MAA? This encompasses both and quantitative and qualitative benefits.

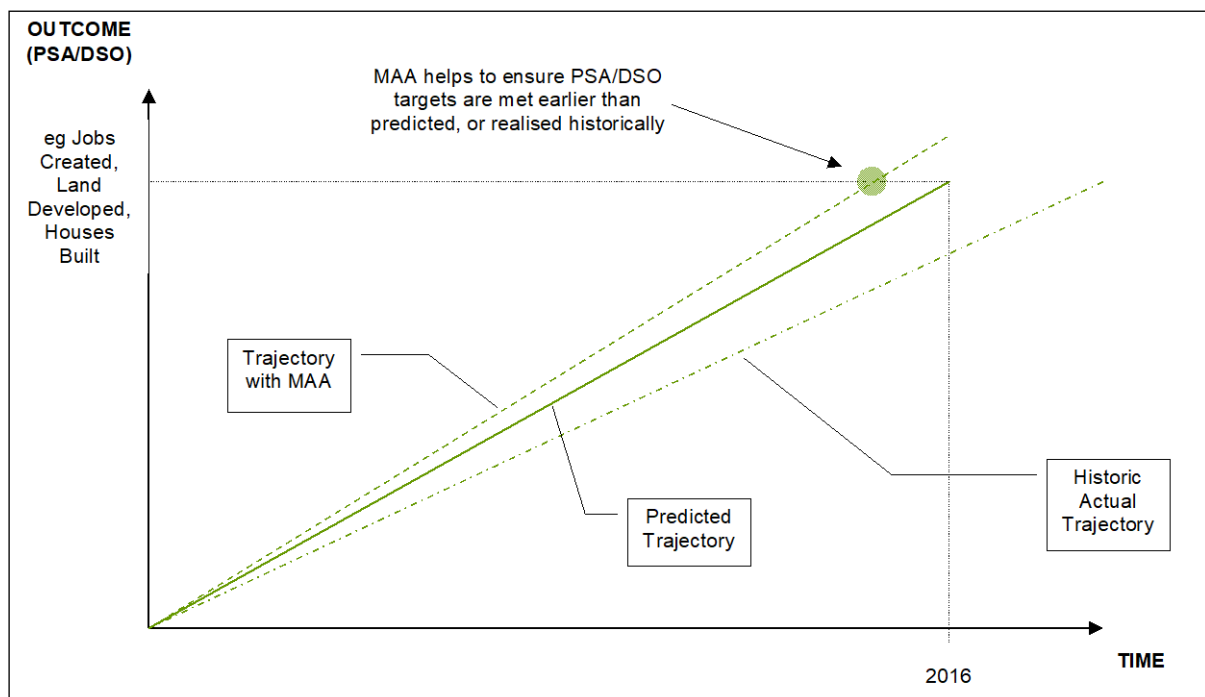
### Quantitative Added Value

- 9.3. The **quantitative** added value comes from a number of sources:
- Outturn cost savings due to an accelerated programme;
  - Certainty of delivering key outcomes, particularly increased economic performance (PSA7); and
  - Increased private sector leverage.
- 9.4. Enhancing the delivery timescale to deliver projects more quickly will ordinarily result in cost savings as a result of **reduced outturn costs**. Given that our proposed MAA covers significant capital projects, this saving will actually be quite significant as construction inflation is currently running at around 6% per annum.
- 9.5. Based on a robust assumption of being able to reduce the time taken for approving projects within the programme by between three and six months, the total forecast saving in terms of outturn costs of some **£3.16 million** over the programme.
- 9.6. **To confirm estimated figure as detailed work is complete.**
- 9.7. More efficient delivery of the capital projects within the programme will result in more certain delivery of the project outputs and outcomes and, ultimately, the main project impacts relating to **increased economic performance**.
- 9.8. The performance monitoring regime set out in Section 6 described in some detail the key MAA indicators, and the development of a trajectory for each of the proposed MAA targets, based on an anticipated rate of project delivery.
- 9.9. Our proposed MAA is intended to result in this assumed trajectory being altered to increase the rate of achieving the key outcomes, with the consequent increased certainty of achieving increased economic performance

earlier than initially forecast. This means that departments such as CLG, DfT and BERR should have less risk in achieving their agreed PSAs and DSOs.

9.10. Moreover, the MAA is designed to address some of the historic difficulties encountered in the delivery of similar projects to ensure that, not only are outcomes realised sooner than anticipated, but, more importantly, outcomes are not delayed and/or reduced, which would be a major concern to Government Departments.

9.11. This benefit is illustrated in the diagram below, and can be applied to the key outcomes of the projects included within the MAA. Once more discussions have been held on targets, and there is a greater certainty on the projects to be included within the overall programme, we can attempt to quantify what the benefits are for the main outcomes.



9.12. To include more text as detailed work is complete.

9.13. Finally, earlier project delivery and the ability to respond more flexibly to changing circumstances should also bring in greater private sector leverage, particularly later in the programme.

9.14. The projects included within our MAA are intended to bring in some £\*\*\* million of private sector investment to the Tees Valley, which could be increased by as much as £\*\* million as a result of the proposed agreement. This is based on work undertaken by ONE, and could accrue either as a direct saving to the public accounts, or could be re-invested within the City Region (partially or fully) to provide even more investment towards greater economic growth.

9.15. To include more text as detailed work is complete.

### Qualitative Added Value

9.16. We believe that the qualitative added value comes in four main elements, namely:

- Comfort;
- Certainty;
- Flexibility; and
- Buy in.

9.17. In terms of **comfort**, enshrining our Business Case and supporting investment documents and governance proposals within the MAA provide a sign off from Government that the projects that we are pursuing are appropriate (although still subject to appraisal) in terms of achieving our economic regeneration aspirations, and that our governance proposals are sensible and workable.

9.18. This is crucial to being able to ‘sell’ the proposals, to the public, to Members and to Partners. In particular, an endorsement from Government will head off the potential criticism that “this is just a wish list” or “this is just another talking shop” – such criticisms have been levelled at similar partnerships in the past, and it is vital that a similar mistake is not made to get real benefits.

9.19. For Government, it should give the comfort that, in the first instance, we have taken some hard decisions in the Tees Valley to prioritise our key interventions, and that we have agreed on a set of priorities that deliver genuine outcomes within the funding envelope anticipated.

9.20. It should also provide comfort to the Government that there is a governance structure in place that is accountable, can take the hard decisions that will inevitably be required over time, and is one that complements existing Local Government arrangements, particularly as we already have two directly elected Mayors within the City Region.

9.21. In terms of **certainty** and **flexibility**, Technical Notes 2 and 3 at Appendix G describe the benefits of these in more detail, but both will allow the overall programme to be delivered in a way that best suits the large scale, mixed use capital interventions that we envisage. The benefit to Government overall is in better programme management.

9.22. Finally, the MAA provides a **buy in** from all parties – a document that has a protocol, and is signed, committing parties to delivering real benefits for communities, something that the LAAs have been successful at. Again, we believe that the biggest benefit to us of this will be the ability to demonstrate to all parties that we are on the right track, and that all Government departments are supporting and trusting us to deliver real improvements.

- 9.23. The other important benefit of the MAA is that we do not believe that this is about additional resources, or reward funding. We have already prioritised our Investment Plan against expected funding, and have a mechanism within the governance structure proposed to make the hard decisions should funding be reduced. We will not change our investment priorities – they will just take longer to deliver.
- 9.24. To this end, we also see that reward funding would be of little value, as the successor documents to our Investment Plan represent our full programme for the next 10 years, and there may be an issue of capacity to deliver projects outside those planned. However, where we do see rewards and incentives playing a key role is where we make efficiency savings within the delivery process.
- 9.25. We propose a pain/gain share arrangement with Government. If projects increase in cost, we would be expected to fund the additional expenditure, or adjust the programme accordingly. However, if we were to lever in more private sector funding as anticipated, or we were to work more efficiently with partners through scheme delivery, we would hope that a proportion of the funding 'saved' would be retained within the Tees Valley for use within the City Region. We are not asking for 100% of the funding to be retained – the principle of the agreement would be for Government to share in the 'gain', but we would hope that the City Region would benefit from our efforts.
- 9.26. To do this, the MAA provides an upfront agreement that underpins the comfort, certainty, flexibility and buy in needed to make this, and other similar examples, work. Moreover, it clearly demonstrates to the public, to Members and other stakeholders that the Government can deliver in a joined up way, through a mature relationship with Local Government. Above all, this demonstration of a mature, joined-up relationship is the single most important element of value that an MAA can add.

## 10. Timetable for Implementation

- 10.1. The November 2007 operational guidance on LAAs/MAAs provided updated information on likely timetables for implementation, indicating that the Government will work with the selected sub-regions and cities to have the first MAAs in place by June 2008 (to fit with the timescale for new LAAs).
- 10.2. Crucially, we need to agree our MAA to maintain the momentum within the City Region that has been built up through the Business Case process. Based on our latest guidance, and to fit our needs, we have proposed the following timetable for submission/approval of our MAA:
  - April 2008 – first negotiation meeting with CLG, BERR, DfT and HM Treasury on this draft MAA – out of this meeting we will be seeking approval to prepare a Single Programme Delivery Plan with ONE for the regeneration (place) funding stream plus any agreement on any further work on the ‘asks’ of Government;
  - Late May 2008 – submit a revised draft MAA to CLG for second negotiation meeting;
  - June 2008 – agree final draft; and
  - July 2008 – MAA operational.
- 10.3. However, we recognise that it may not be possible to finalise the agreement in relation to the five ‘asks’ within the MAA within the timescale outlined above, given the need for alterations to be made to the operational practices of a number of Central Government Departments.
- 10.4. In this respect, we would seek to agree with Government as many of the ‘asks’ as possible by the end of June 2008, with a clear commitment from Government to work with the City Region to agree the outstanding ‘asks’ at the earliest possible opportunity after June 2008 and to include them within any following iterations of the MAA.

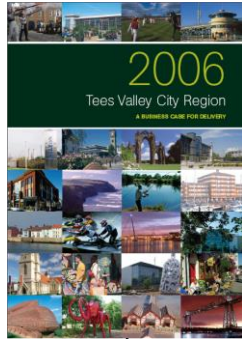


## **Appendix A**

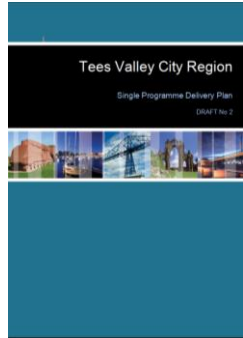
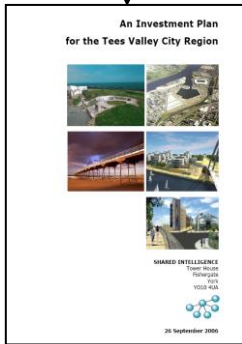
### Evolution of the MAA



**Business Case**



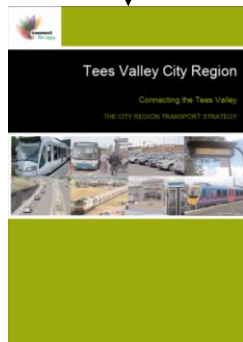
**Investment Plan**



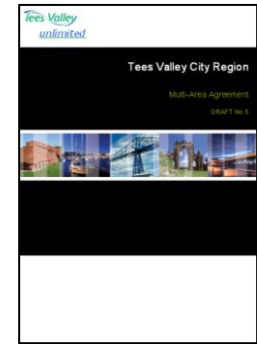
**Single Programme Delivery Plan**



**Housing Market Renewal Business Case**



**City Region Transport Strategy**



**Draft MAA**





## **Appendix B**

### Outline Funding Plan





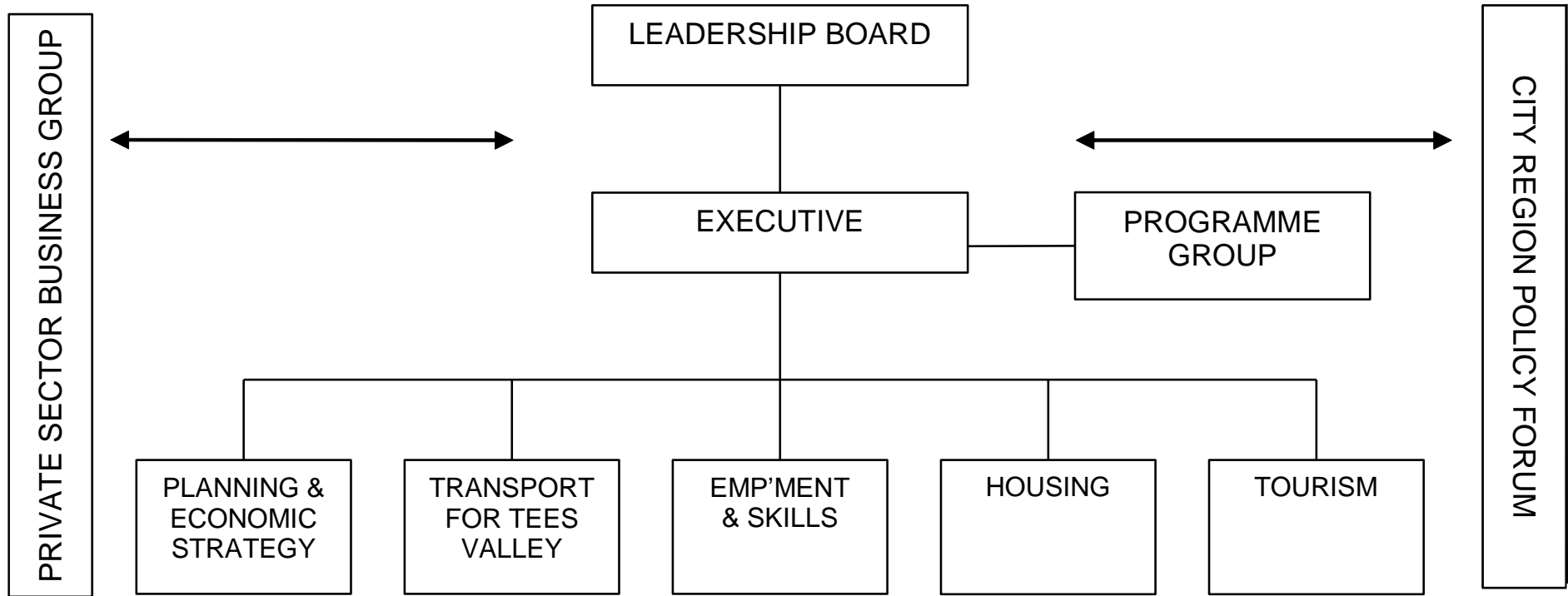
Funding Stream	Funding Source/ Project	Financial Year								Total
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	
	Highways Agency									
	Local Transport Plan									
<b>TOTAL</b>										

To be completed



**Appendix C**  
Governance Structure







## **Appendix D**

### **Tees Valley Unlimited Governance Arrangements**



Attached are the following agreements concerning the governance arrangements for Tees Valley Unlimited and the accountable body arrangements. The documents are:

- a) Joint Agreement between the five Boroughs for the establishment and governance of Tees Valley Unlimited; and
- b) Single Programme Agreement between Stockton-on-Tees Borough Council and Darlington Borough Council on the duties regarding accountable bodies. Please note the same agreement currently exists between all five Tees Valley Authorities.





**Dated.....2008**

**DARLINGTON BOROUGH COUNCIL  
HARTLEPOOL BOROUGH COUNCIL  
MIDDLESBROUGH BOROUGH COUNCIL  
REDCAR AND CLEVELAND BOROUGH COUNCIL  
and  
STOCKTON-ON-TEES BOROUGH COUNCIL**

**JOINT AGREEMENT  
FOR THE ESTABLISHMENT AND GOVERNANCE OF TEES VALLEY UNLIMITED**

**Hartlepool Borough Council**

**J. Anthony Brown  
Chief Solicitor**

# JOINT AGREEMENT FOR THE ESTABLISHMENT AND GOVERNANCE OF TEES VALLEY UNLIMITED

THIS AGREEMENT is made the .....2008

BETWEEN

- (1) **DARLINGTON BOROUGH COUNCIL**
- (2) **HARTLEPOOL BOROUGH COUNCIL**
- (3) **MIDDLESBROUGH BOROUGH COUNCIL**
- (4) **REDCAR AND CLEVELAND BOROUGH COUNCIL and**
- (5) **STOCKTON-ON-TEES BOROUGH COUNCIL**

## 1. Definitions

In this Agreement the following words and phrases have the meaning allocated to them

- 1.1 “Act” means the Local Government Act 1972 (as amended)
- 1.2 “Board” means one of the Boards described in clause 3
- 1.3 “Clause” means a clause of this Agreement
- 1.4 “Commencement Date” means 1<sup>st</sup> April 2008
- 1.5 “Joint Strategy Committee Agreement” means the agreement dated 14<sup>th</sup> August 1998 made between the Local Authority Partners for the establishment of a Joint Strategy Committee and related activities
- 1.6 “Joint Strategy Unit” means the technical division of that name provided for by the Joint Strategy Committee Agreement and currently established and maintained by Stockton Borough Council for the purpose of carrying out on behalf of the Local Authority Partners strategic planning, sub-regional economic development strategy, strategic transport planning and technical support, information and forecasting service and the management and administration of European programmes
- 1.7 “Local Authority Partners” means the parties to this Agreement
- 1.8 “Non-Local Authority Partner” means a body organisation or agency being a member of, invitee to, or observer at meeting of, a Board pursuant to Clause 3
- 1.9 “TVU” means Tees Valley Unlimited being an unincorporated association of local authorities and other government bodies, persons and organisations acting in concert with the aim of implementing the Tees Valley City Region Business Case through the discharge of the functions set out in Schedule 1 and established and governed as set out in this Agreement.

- 1.10 “Partnership Costs” means costs relating to TVU being the costs of
- accommodating, maintaining and servicing the Boards including all costs associated with the convening, holding and maintenance of records of, Board meetings
  - other costs of support technical and research services provided by the JSU including all employment and accommodation costs relating to the staff of the JSU

and any other costs agreed by the Local Authority Partners to be necessary for the proper functioning of TVU

1.11 “Schedule” means a schedule of this Agreement

1.12 “Supporting Groups” means the Private Sector Business Group, the Programme Group and the City Region Policy Forum

1.12 “Tees Valley” means the combined areas of the Local Authority Partners

## 2. **Purpose of Agreement**

2.1 The purpose of this Agreement is to define and regulate how the Local Authority Partners and the Non-Local Authority Partners will on and from the Commencement Date act together in a coordinated manner to achieve the objects of TVU by the establishment of joint working arrangements and will do so under the style of Tees Valley Unlimited and which on the part of the Local Authority Partners will be undertaken pursuant to the provisions of s.101 of the Act and the Local Authorities (Goods and Services) Act 1970 and any other relevant statutory provisions them enabling.

2.2 TVU will discharge its functions through a structure of Boards (Schedule 2) constituted conducted and serviced as provided in this Agreement and to this end the Local Authority Partners shall be responsible for:-

- Ensuring the participation of local authority members and officers as provided for in Clause 3
- Providing necessary funding for the administrative and technical support of the Boards through relevant personnel as provided for in Clause 6
- Receiving in accordance with Schedule 6 minutes reports and other communications from TVU and taking such action thereon as shall be appropriate including submitting proposals emanating from the TVU through the democratic processes applicable to the Local Authority Partners
- Implementing the consequent decisions in their respective areas in a coordinated manner throughout Tees Valley

- If expedient, the establishment of any other body including but not limited to a limited company to discharge any function or functions of the Local Authority Partners that they consider may conveniently be discharged through such a body

### 3. **Establishment of Boards and Supporting Groups**

3.1.1 The functions of the TVU shall be conducted by the following Boards:

- The Leadership Board and
- The Executive Board

and the following Functional Boards:

- The Planning and Economic Strategy Board
- The Tees Valley Transport Board [and]
- The Employment and Skills Board
- The Housing Board and
- The Tourism Board

and/or such other boards as the Local Authority Partners after such consultation as they shall deem appropriate shall determine from time to time.

3.1.2 The Leadership Board and the Executive Board may engage with and be informed and advised as necessary and appropriate by the Private Sector Business Group and the City Region Policy Forum of which the purpose, composition and interests are set out in Schedule 4

3.1.3 The Executive shall be further supported by the Programming Group of which the purpose terms of reference composition and accountability are set out in Schedule 4

### 3.2 **Leadership Board**

The arrangements set out in this clause 3.2 shall apply to the Leadership Board -

3.2.1 The membership of the Board shall comprise:

- 5 Local Authority Partner representatives, namely the Leader of Elected Mayor of each Local Authority Partner each of whom shall nominate a substitute to attend when the representative is unable to do so and
- 6 representatives of Non Local Authority Partners from such commerce, education and the voluntary sector as the Local Authority Partners shall following consultation determine from time to time

- 3.2.2 The Board may invite Board level representation of regional agencies to attend meetings of the Board and actively contribute to discussions
- 3.2.3 The Chair of the Board shall be elected by the Board from the Non-Local Authority Partner members
- 3.2.4 The Vice-chair of the Board shall be elected by the Local Authority Partner members from amongst their number
- 3.2.5 The term of office of the Chair shall be 3 years and the Vice-chair shall hold office at the discretion of the Local Authority Partners.
- 3.2.6 The Board shall meet 4 times per year
- 3.2.7 The purpose remit and accountability of the Board shall be as set out in Schedule 3 Part 1
- 3.3 Executive Board

The arrangements set out in this Clause 3.3 shall apply to the Executive Board -

- 3.3.1 The membership of the Board shall comprise -

5 Local authority representatives, namely the Chief Executive (or other named Head of Paid Service) of each Local Authority Partner and

The chief executives or other suitable senior representatives of key public sector sub-regional organisations and private sector organisations, namely :

- CBI
- North East Chamber of Commerce
- Government Office North East
- One North East
- Jobcentre Plus

and/or such other bodies as the Local Authority Partners shall determine following such consultation as they consider appropriate

- 3.3.2 The Board may invite observers from:

- One North East
- Government Office North East
- Learning and Skills Council
- Jobcentre Plus

- North East Chamber of Commerce
- Communities England

and/or such other bodies as the Board may determine from time to time

3.3.3. The Board shall elect a Chair from amongst their number annually or otherwise as they may determine

3.3.4. The Board shall meet 4 times per year

3.3.5. The purpose remit and accountability of the Board shall be as set out in Schedule 3 Part 2

#### 3.4 The Functional Boards

3.4.1 Subject to 3.4.2 the purpose remit membership and accountabilities of the Functional Boards shall be as set out in Schedule 5

3.4.2 Each of the Local Authority Partners shall endeavour to ensure that its representative or representatives on any Functional Board is or includes the member of their executive with responsibility for the functions relevant to that Board

3.4.3 The purpose remit membership and accountabilities of any other Functional Board or Boards established by the Local Authority Partners shall determine be as determined by the Local Authority Partners

#### 4. Convening servicing and conducting business of meetings of the Boards

4.1 As soon as practicable after the Annual Meetings of the Local Authority Partners in each year, the Boards shall agree a diary for their meetings during the ensuing year

4.2 Board meetings shall be convened and serviced by the Joint Strategy Unit and the process for submission of reports by members of the Boards and for circulation of reports and minutes shall be in accordance with the timetable and procedures set out in Schedule 6

4.3 Board meetings will not be public meetings for the purpose of the Access to Information provisions of the Local Government Act 1972 but a meeting of a Board may be open to the public if and to the extent that the Board so determines.

4.4 Board meetings shall be conducted in accordance with the Procedure Rules set out in Schedule 6

4.5 Subject to Clause 5.3 below, no powers of the Local Authority Partners are delegated to TVU or the Boards and the decisions of TVU or the Boards are

not binding on either the Local Authority Partners or the representatives of the Local Authority Partners save to the extent (if any) that the representatives are empowered by their respective Constitutions (including schemes of delegation) to exercise delegated powers and they choose to exercise those powers

- 4.6 In relation to any recommendation of a Board the effect of which is that the Local Authority Partners should or should not exercise their functions in any manner voting shall be restricted to the representatives of the Local Authority Partners
- 4.7 If the Local Authority Partners consider it expedient for the better achievement of the aims of TVU to delegate powers to a body discharging the functions of TVU they may establish a joint committee pursuant to s.101(5) Local Government Act 1972 and in doing so shall have regard to the provisions of the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2000 Article 11 (Joint exercise of an executive's functions)

## 6. **Financial Arrangements**


- 6.1 Each Local Authority Partner will bear the proportion of The Partnership Costs which is in the proportion that the population of that authority's area according to the mid-year population estimate of the Registrar General bears to the like estimate of the population of Tees Valley
- 6.2 The arrangements for determining the Partnership Costs and for the payment by the Local Authority Partners of their respective shares of the Partnership Costs will be as provided in Schedule 7

## 7. **Status duration and variation of Agreement**

- 7.1 The arrangements constituted by this Agreement do not constitute a partnership for the purposes of the Partnership Act 1890 or any other legislation and no Local Authority Partner Non-Local Authority Partner or any other person or body participating in the arrangements is responsible or liable by way of indemnity or otherwise for the actions liabilities debts or losses of any other local authority person or body whether or not party to this Agreement.
- 7.2 Subject to Clause 7.3 this Agreement shall remain in force until brought to an end by mutual agreement of the Local Authority Partners.
- 7.3 Any Local Authority Partner may withdraw from the Agreement by giving to each of the other Local Authority Partners not less than 15 months notice terminating on 31<sup>st</sup> March in any year at the expiration of which this Agreement shall determine and be of no further effect without prejudice to obligations arising under Clause 6 up to the date of termination.
- 7.4 The provisions of this Agreement may be varied added to or removed by mutual agreement of the Local Authority Partners Provided that before making

any variation significantly affecting a Non Local Authority Partner or any other body organisation or agency likely to be affected the Local Authority Partners will undertake such consultation as they consider appropriate.

- 7.5 Upon the Commencement Date the Joint Strategy Committee Agreement shall terminate and be of no further effect save in relation to any obligations of any of the parties which have arisen and remain to be discharged prior to the Commencement Date.

Signed on behalf of Darlington Borough Council by	
Signed on behalf of Hartlepool Borough Council by	
Signed on behalf of Middlesbrough Borough Council by	
Signed on behalf of Redcar & Cleveland Borough Council by	
Signed on behalf of Stockton-on-Tees Borough Council by	



## Schedule 1

### Functions of TVU

- 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.

## Schedule 2

### Structure of TVU Boards

#### Part 1

#### Remit and Accountability of Leadership Board

<b>Terms of Reference</b>	<ul style="list-style-type: none"><li>• To ensure delivery of the Tees Valley Investment Plan</li><li>• To achieve the targets set out in the Multi Area Agreements</li><li>• To deliver the City Region Development Programme</li><li>• To agree and changes to programme/funding as required to the Tees Valley Investment Plan</li><li>• To Approve any reviews of the Tees Valley City Region Development Programme and other City Regional strategies</li><li>• To Ensure the City Region Development Programme and other strategic reports are reflected in regional, pan-regional and national policies</li><li>• To Engage with local MPs</li></ul>
<b>Accountability</b>	<ul style="list-style-type: none"><li>• To Government through the MAA</li><li>• To other funding partners</li><li>• 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</li></ul>

Part 2  
Purpose, Remit and Accountability of Executive Board

<b>Purpose</b>	To advise the Leadership Board and to undertake a co-ordinating role in respect of the membership of the Leadership Board, relevant officers and programmes
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>• Policy and strategic service to the Board</li> <li>• Monitoring and delivery of the Investment Strategy, the CRDP and the MAA</li> <li>• To report, by exception, progress on project delivery</li> <li>• To make recommendations to the Leadership Board on changes to programme/funding as required</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• To the Leadership Board</li> </ul>

The Executive will be serviced by the Director of the JSU

Schedule 4

The Supporting Bodies

Private Sector Business Group

<b>Purpose</b>	The Private Sector Business Group will provide a very direct engagement of the private sector with decisions taken by the City Region as a whole
<b>Terms of Reference</b>	<ul style="list-style-type: none"><li>• To provide two-way relationship between the Leadership Board/Executive and the private sector</li><li>• Quarterly meetings, timed between meetings of the Leadership Board</li></ul>
<b>Composition</b>	<ul style="list-style-type: none"><li>• 10 – 15 members from key private sector partners. 10 core members with provision of a further 5 to be invited depending on the issue.</li></ul>
<b>Accountability</b>	<ul style="list-style-type: none"><li>• N/A</li></ul>

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

The JSU will service the Group.

## City Region Policy Forum

<b>Purpose</b>	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
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> </ul>
<b>Composition</b>	<ul style="list-style-type: none"> <li>• 5 nominated representatives from the Tees Valley, together with representatives from the 2 County Councils and 5 District Councils</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• No direct accountability within Tees Valley Unlimited, but relationship with existing (and future) arrangements in other authorities needs to be clarified</li> </ul>

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

Programme Group

<b>Purpose</b>	To manage the Multi Area Agreement
<b>Terms of Reference</b>	<p>To approve business cases for projects making up the programme before submission to ONE</p> <p>To monitor the management of the Multi Area Agreement</p> <p>To make recommendations to the Executive on changes to funding of projects in the Multi Area Agreement as required</p>
<b>Composition</b>	Directors of Regeneration (or their representative) from the Tees Valley authorities
<b>Accountability</b>	To the Executive Board

Schedule 5

Purpose Remit Membership and Accountability of Functional Boards

Planning and Economic Strategy Board

<b>Purpose</b>	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.
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>• To co-ordinate delivery of the spatial priorities as set out in the Investment Plan</li> <li>• To co-ordinate the input of the City Region into the RSS, RES, The Northern Way and European policy</li> <li>• To produce research reports into economic issues</li> <li>• To produce an annual monitoring report on the economic performance of the City Region and the success of the CRDP</li> <li>• To take a lead on sector working, eg a logistics sector strategy related to ports and airports</li> <li>• To develop and implement the green infrastructure strategy</li> <li>• To co-ordinate the implementation of the regeneration/place programme and the key spatial initiatives</li> <li>• To liaise with One NorthEast on the key sector initiatives taking place in the Tees Valley</li> </ul>
<b>Composition</b>	<ul style="list-style-type: none"> <li>• A Member/Officer group with Cabinet Members for planning/economic development and Officers from the five Tees Valley Authorities</li> <li>• 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</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• To the Leadership Board (through the Executive)</li> <li>• To funding partners</li> <li>• Local Authority Cabinet Members have a vote on any planning matters – all can vote on economic development matters</li> </ul>

## Transport for Tees Valley Board

<b>Purpose</b>	To develop City Region transport strategy and develop the Tees Valley Metro, Bus Network Improvements and transport issues affecting the trunk road network
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>• To co-ordinate delivery of the City Region Transport Strategy</li> <li>• To prepare the business case and co-ordinate the delivery of the Bus Network Improvements</li> <li>• To examine options for operating the system and take forward the Tees Valley Metro proposals after they have been progressed to a suitable degree</li> <li>• To prepare the Tees Valley Monitoring Report</li> <li>• To co-ordinate the implementation of transport resources delegated through TIF and the RFA process</li> <li>• To liaise with the Highways Agency and Network Rail on issues relating to the strategic road and rail network</li> <li>• To represent the Tees Valley and making the case for further investment through regional and national bodies, The Northern Way and European Funds</li> </ul>
<b>Composition</b>	<ul style="list-style-type: none"> <li>• A Member/Officer group with Cabinet Members for transport and Officers from the five Tees Valley Authorities</li> <li>• 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</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• To the Leadership Board (through the Executive)</li> <li>• To funding partners</li> <li>• To Government in delivering major transport schemes</li> <li>• Only Local Authority Cabinet Members have a vote</li> </ul>



## Employment and Skills Board

<b>Purpose</b>	To develop a Tees Valley Skills Strategy.
<b>Terms of Reference</b>	<ul style="list-style-type: none"> <li>• To develop a City Region Employment and Skills Strategy</li> <li>• To identify the key skills needs of the City Region and the programmes required</li> <li>• To address issues relating to Employability, in particular the 20% of the working population with no qualifications</li> <li>• To co-ordinate delivery of the employment and skills work being undertaken by partners and advise statutory agencies on commissioning of mainstream funded delivery</li> <li>• To engage key City Region employers within the process</li> <li>• To encourage people to recognize the value of education and training</li> <li>• To improve the employment offer</li> <li>• To encourage people to become more innovative and enterprising in business, work and training</li> <li>• To prevent issues of underachievement and non-engagement arising at the outset</li> <li>• To ensure that the outputs are aligned with the RES and Regional Employability Framework</li> </ul>
<b>Composition</b>	<ul style="list-style-type: none"> <li>• 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</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>• To the Leadership Board (through the Executive)</li> <li>• 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</li> <li>• Primarily an Officer Board, since it is concerned with strategy and co-ordination</li> </ul>

## Housing Board

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

### Tourism Board

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

## Schedule 6

### Procedures for convening and conduct of business of Boards

1. The Chairman in consultation with any vice-chairman of a Board may call a meeting of the Board at any time and shall call a meeting within 7 days of being so required by any Local Authority Partner representative on the Board
- 2.1 The agenda for any meeting shall be determined by the Head of the Joint Strategy Unit in consultation with the Chair of the Board
- 2.2 Except with the approval of the Chairman (to be given only in a case of clear urgency) three clear days at least before a meeting a summons to attend the meeting specifying the business proposed to be transacted thereat shall be sent by the Head of the Joint Strategy Unit to every member of the Board and a copy thereof shall be sent to the Chief Executive of and not more than 4 officers nominated by each Local Authority Partner
- 3 Meetings shall be held at such place as the Chairman shall determine and on such days and at such times as the Boards may from time to time
- 4 Subject to Clause 5.2 every matter arising at a meeting of a board shall be determined by the majority of the votes of the members present and voting on the question and the Chairman shall not be entitled to exercise a casting vote.
5. One quarter of the membership shall form a quorum provided that not less than 3 of the Local Authority Partners are represented at the meeting
- 6.1 A minute book shall be provided and a record of the proceedings of a Board duly recorded therein. The minutes of any meeting shall be submitted to the next meeting of the Board for approval
- 6.2 Copies of the minutes of each meeting of a Board shall be sent to each member of the Board and to the Chief Executive or other nominated officer of each Local Authority Partner within 7 days after the date of the meeting.
7. A Board shall have power to appoint such sub-board of their number and working groups as they may from time to time determine with such quorum as determined shall consist of members representing the Local Authority Partners to the extent required for meetings of the Board

## Schedule 7

### Financial Procedures

1. Not later than 30<sup>th</sup> November in each year the JSU shall submit to each Local Authority Partner the budget approved by Stockton for the following financial year comprising an estimate of the Partnership Costs for the next financial year
2. Each Local Authority Partner shall include in its budget for the following financial year the relevant proportion of the Partnership Costs
3. With the exception of Stockton the relevant proportion shall be paid by each Local Authority Partner to Stockton by equal quarterly instalments on the 15<sup>th</sup> day of each of the months of May, August, November and January in each financial year bearing interest from the due date for payment at a rate being 2 per cent above the base rate then applied by Stockton's bankers



**TEES VALLEY PARTNERSHIP**

**SINGLE PROGRAMME AGREEMENT**

**BETWEEN**

**STOCKTON –ON – TEES BOROUGH COUNCIL**

**AND**

**DARLINGTON BOROUGH COUNCIL**

**Law and Democracy  
Stockton-on-Tees Borough Council  
Municipal Buildings  
Church Road  
Stockton-on-Tees  
TS18 1LD**

This Agreement is made the 1st day of April 2006 between STOCKTON-ON-TEES BOROUGH COUNCIL of Municipal Buildings, Church Road, Stockton-on-Tees TS18 1LD (“the Accountable Body”) and DARLINGTON BOROUGH COUNCIL of Town Hall, Darlington, DL1 5QT (“the Lead Partner”)

#### **PURPOSE OF THE AGREEMENT**

1. In consideration of Stockton-on-Tees Borough Council agreeing to be the Accountable Body\* for the Single Programme the Lead Partner hereby agrees to apply the Single Programme Funds towards the achievement of the projects and outputs for which it is responsible as set out in the Business Plan 2006/2009.
2. This Agreement sets out the respective duties and obligations of both parties acting within the Tees Valley Partnership in the delivery of the Single Programme.

#### **OPERATIVE PERIOD**

3. This Agreement shall commence on 1st April 2006 and shall terminate on 31st March 2009 subject to earlier termination as provided for in the Agreement.

#### **NOMINATED REPRESENTATIVES**

4. The Tees Valley Partnership shall appoint a Central Secretariat to administer the projects and monitor the outputs in the Business Plan. Services provided by the Central Secretariat to the Accountable Body shall be subject to a separate agreement between the parties thereto.

\* “Accountable Body” means the legal entity nominated to act on behalf of the Partnership in taking responsibility for the receipt and use of the Single Programme Grant and the realisation of the Business Plan.

5. The Accountable Body and the Lead Partner shall each appoint a nominated representative to attend meetings of the Tees Valley Partnership and to provide information on key indicators of performance and compliance with grant conditions. The Nominated Representatives shall receive three clear days notice of all meetings and shall be served with agendas and minutes of all such meetings.

#### **ACCOUNTABLE BODY OBLIGATIONS**

6. The Accountable Body for the Single Programme will ensure that the requirements set out in the One NorthEast Offer Letter and the Single Programme Guidance notes are met, and in particular will:-
  - (a) agree in advance with One NorthEast any significant changes to the approved Action Plan and/or changes to the Key Indicators of Performance;
  - (b) ensure the Lead Partner establishes, maintains and operates effectively the appraisal, monitoring and financial management systems established in compliance with Single Programme Guidance and agreed as part of the Business Plan, in order to (i) control expenditure; (ii) to ensure that the costs of implementing the Business Plan can be clearly identified; (iii) to secure the propriety of all eligible expenditure;
  - (c) ensure that all projects are appraised and approved in accordance with the One NorthEast Guidance Procedures approved by the Partnership Board and its Executive Group;
  - (d) notify the One NorthEast of any financial irregularities in relation to the use of Single Programme Grant and the action proposed in response;



- (e) produce formal written procedures for the Lead Partner which will secure openness and transparency in decision taking in relation to the administration of the grant to ensure all documents are available and provide reasonable access for:-
    - (i) inspection visits and scrutiny of files by representatives of the Accountable Body or One NorthEast, or national audit office;
    - (ii) external audits and review of projects and of financial, appraisal and monitoring systems;
  - (f) agree with One NorthEast any change of the Tees Valley Partnership's external auditor;
  - (g) agree with the One NorthEast any change to the division of funding between capital and revenue expenditure;
  - (h) notify One NorthEast of any income (including rental income) or any receipt in excess of the estimated level taken into account when the grant requirement was first determined, which accrues from a Project funded in whole or in part by Grant. One NorthEast may agree (in writing) that the income or receipt may be retained by the Partnership, if they are satisfied that it will be used for the benefit of the agreed project, or the continuing regeneration objectives of the Business Plan. If not, One NorthEast will require a share of the income (or the proportion of it attributable to the grant);
  - (i) ensure formal procedures are recorded in writing and put in place with Lead Partners to avoid any conflict of interest by members (including Board members) and employees of the Partnership, or any other decision making forum as set out in the Guidance Manual. This must involve particular members of the Partnership declaring an interest where necessary at project appraisal and approval stages. Any of the Partnership members who bid for a Partnership contract, whether by single or competitive tender, must be excluded from the contract awarding process.
7. The Accountable Body will make all of the claims to One NorthEast on the standard forms as agreed in the Offer Letter (and the Tees Valley Partnership will be informed when claims are due to be made). The claims will be made quarterly in arrears or as agreed by One NorthEast. Supporting documentation from the Lead Partner must be sufficient to provide evidence to the Accountable Body to enable it to make payments to the partner once the grant is received from One NorthEast.
  8. The Accountable Body will make payments to the Lead Partner within a period of three weeks, following receipt of the Grant from One NorthEast.
  9. The Accountable Body will provide an Annual Statement of Grant Expenditure on behalf of the Tees Valley Partnership and arrange for Audit Commission to verify the information produced as required as part of the audit arrangements. The Accountable Body will be reimbursed in full by the Tees Valley Partnership for all of the costs associated with and requested by Audit Commission for providing this external audit service.
  10. The Accountable Body will collate and provide financial information from Lead Partners, in an agreed format, to accompany reports to the Partnership Board within 5 working days of the receipt of a request from the Partnership Board.

## **THE LEAD PARTNER'S RESPONSIBILITIES**

- 11. The Lead Partner is responsible for achievement of the Key Indicators of Performance in relation to their Projects approved as part of the Local Package and as set out in the Business Plan as attached at Annex 1, and in particular the Lead Partner will:-**
  - (a) keep each scheme under review in accordance with the Single Programme Guidance notes;**
  - (b) provide all relevant information required to ensure all projects can be appraised and approved in accordance with the procedure approved by the Partnership Board and its Executive Group;**
  - (c) establish approved policies for equal opportunities, health and safety, environmental issues, complaints and other such matters, which delivery agents will be required (via the contract process) to observe;**
  - (d) keep the whole programme under review and any matters relevant to the successful implementation of the scheme, including links to other initiatives and to reflect these in the scheme review and observations to partners, delivery agents and others;**
  - (e) ensure that all projects have the necessary authority (legislative or otherwise) for the activities proposed.**
  
- 12. The Lead Partner will ensure that adequate records are maintained for individual projects to satisfy the Single Programme monitoring and Periodic Review requirements as required by the Accountable Body's formal written procedures. Monitoring information on the standard forms provided will be forwarded to the Accountable Body quarterly. Monitoring information will be received by the Accountable Body at least 5 working days before each due claim.**
  
- 13. The Lead Partner will forward quarterly scheme progress reports to the Accountable Body in a format to be agreed at least 5 working days before a due claim, including:-**
  - (a) information on performance and progress towards achieving objectives and key indicators including evidence from Lead Partners (and/or other associated partners) main Financial Ledger to verify eligible expenditure incurred and now claimed in that period;**
  - (b) evidence of the broad relationship between projects and objectives;**
  - (c) information on the general 'well being' of the area or client group;**
  - (d) identification of key issues/problems which may require changes in activities, together with recommended options for consideration;**
  - (e) financial position/impact on the Business Plan and future years;**
  - (f) key up and coming events important to the Tees Valley Partnership; and**
  - (g) results of any Periodic Reviews which are in progress or have taken place.**
  
- 14. The Lead Partner will forward quarterly financial reports on the scheme to the Accountable Body at least 5 working days before a due claim date, including:-**
  - (a) output profiles, achievement towards end forecasts;**
  - (b) spend profiles, achievement toward end forecasts;**

- (c) notification of over/under spend or performance;
  - (d) funding balance between objectives;
  - (e) the policy for, and success in attracting private sector leverage, other public sector resources and any revenue earning from projects;
  - (f) individual project information on large spend projects or those which have a significant impact towards achieving strategic objectives, including complementary projects; and
  - (g) significant failures or problems in the project or financial monitoring systems.
15. The Lead Partner will submit claims for Management and Admin grant quarterly in arrears based on 4 equal instalments of the total amount approved in the Business Plan. The Lead Partner shall keep records to evidence the actual amount spent on Management and Admin in accordance with One NorthEast standard instructions. If, at the end of each financial year, there is any shortfall in actual spend compared to grant received the overpayment shall be accounted for and reconciled in the final quarterly grant claim for the year.

#### **AUDITS**

16. The Accountable Body shall at all times (including following the termination of this agreement) be given access to any books, records and information in the possession or control of the Lead Partner which relate to or are or were used in connection with the projects set out in the Business Plan for the purposes of an internal or external audit or inspection by the Accountable Body.
17. The Lead Partner will provide all co-operation and afford all access to personnel and records in order to assist the Accountable Body in carrying out any audit or inspection and shall permit the Accountable Body to copy and remove any copies of and to remove the originals of any books, records and information required by the Accountable Body for the purpose of the audit or inspection.
18. The Lead Partner shall provide all co-operation and afford all access to personnel and records in order to assist the Accountable Body in compiling the annual Statement of Grant Expenditure which is submitted to the Audit Commission. Accounts shall be retained for at least 6 years after the end of the financial year in which the last payment is made under this Agreement.

#### **TERMINATION**

19. Either party may terminate this Agreement where Single Programme Grant is withdrawn.
20. The Accountable Body may terminate the Agreement where:-
- (a) the grant has not been used for the purpose for which it was given;
  - (b) other circumstances or events happen that are likely to affect the Lead Partner's ability to achieve the Key Performance Indicators or result in a risk that the Business Plan as approved will not be completed;
  - (c) there is a failure to keep and maintain the records specified in the Guidance Manual and to comply with paragraph 17 above;
  - (d) the composition of the Partnership changes, or the Partnership becomes insolvent or is dissolved in any of the ways set out in the Guidance Manual.

- (e) a charge is taken on an asset financed wholly or partly from grant monies, without the agreement in advance of One NorthEast.
- (f) the performance of the Lead Partner is judged to be unsatisfactory under the Guidance Manual;
- (g) insufficient measures are being taken to investigate and resolve any reported irregularities;
- (h) any information provided in the application for funding or in a claim for payment or in subsequent or supporting correspondence is found to be incorrect or incomplete to an extent which the Accountable Body considers to be material.

In the event of termination the Accountable Body may reduce, suspend or withhold grant payments, or require all or part of the grant to be repaid by the Lead Partner.

#### **INSURANCE AND INDEMNITY**

- 21. The Lead Partner shall maintain adequate insurance to cover its potential liability under this Agreement and shall indemnify and keep the Accountable Body indemnified against all direct, indirect and/or consequential liability, loss, damages, injury, costs and/or expenses awarded against and/or incurred and/or paid by the Council as a result of and/or in connection with a breach by the Lead Partner of this Agreement or the Lead Partner's negligence.

#### **NOTICES**

- 22. No notice or any other agreement, consent or approval to be served upon the Accountable Body shall be valid or effective unless it is sent by prepaid post or is delivered by hand for the attention of the Accountable Body's nominated representative.
- 23. No notice or any other agreement, consent or approval to be served on the Lead Partner shall be valid or effective unless it is sent by prepaid post or is delivered by hand for the attention of the Lead Partner's nominated representative.

#### **RESOLUTION OF DISPUTES**

- 24. All disputes between the Accountable Body and the Lead Partner arising out of or in connection with this Agreement or any failure by the parties to agree any matter to be agreed as referred to in this Agreement within a reasonable period shall in the first instance be referred to the respective parties Chief Executive for discussion and resolution. If the dispute is not resolved by the Chief Executives within a reasonable period, it shall be referred to an Expert to be agreed upon by the parties or in default of such agreement to be nominated by the President for the time being of the Law Society.
- 25. The Expert appointed under clause 24 shall be entitled to make such decision or award as he thinks just and equitable having regard to all the circumstances then existing and the costs of such Expert shall follow the event or in the case of neither party succeeding such cost shall be apportioned between the parties by the Expert in such proportions as he in his absolute discretion thinks fit.

#### **STATUTORY REQUIREMENTS**

- 26. The Accountable Body and the Lead Partner shall comply with all statutory requirements to be observed and performed in connection with the Business Plan and the projects.

## **RIGHTS OF THIRD PARTIES**

- 27. Nothing in this Agreement will create rights under the Contracts (Rights of Third Parties) Act 1999 in favour of anyone other than the parties to this Agreement.**

**Signed on behalf of the Accountable Body**

**Signature:** .....

**Name (please print):** .....

**Position:** .....

**Date:** .....

**Signed on behalf of the Lead Partner**

**Signature:** .....

**Name (please print):** .....

**Position:** .....

**Date:** .....

## **Appendix E**

### Performance Monitoring Framework



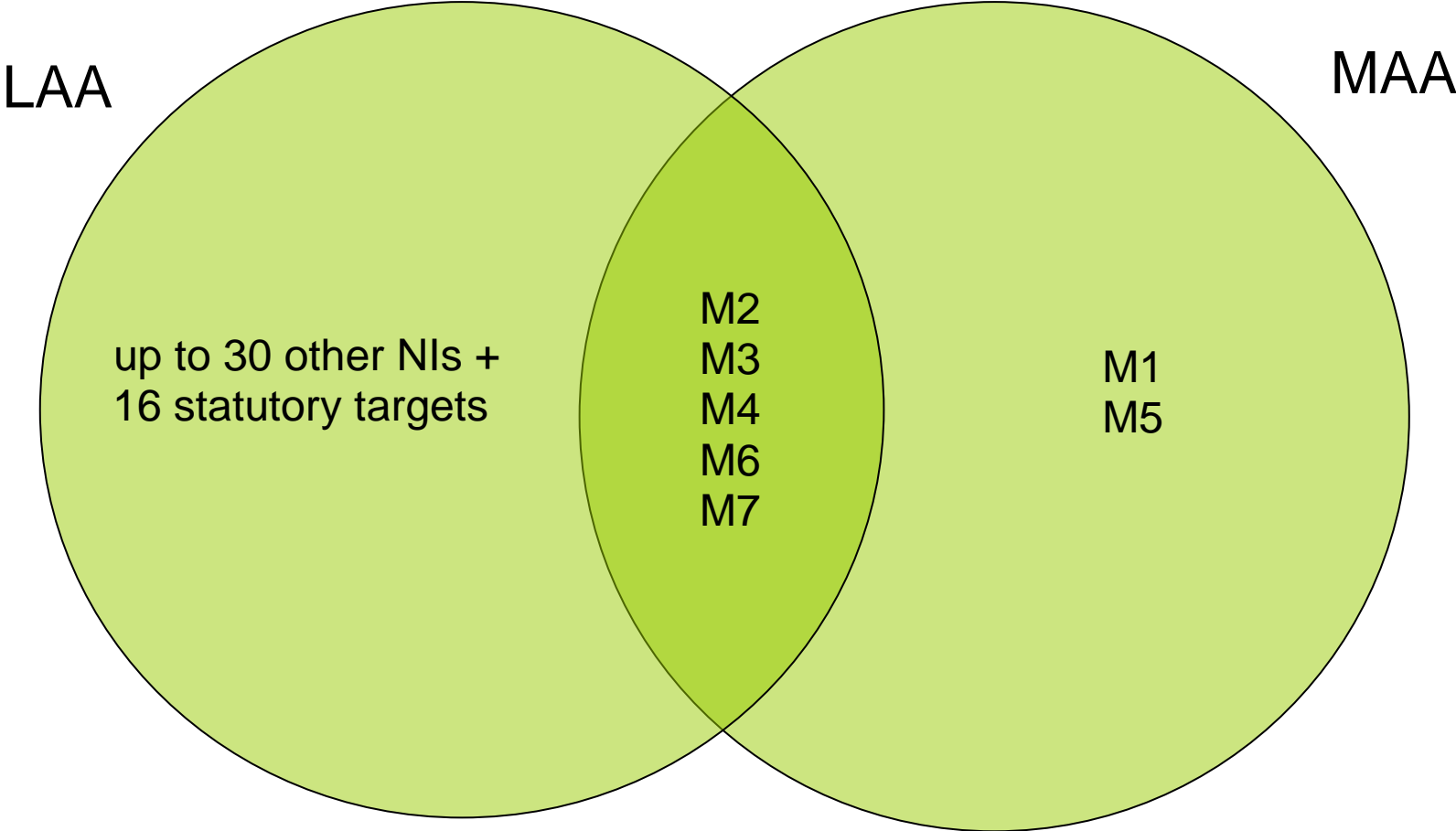


## Performance Monitoring Framework

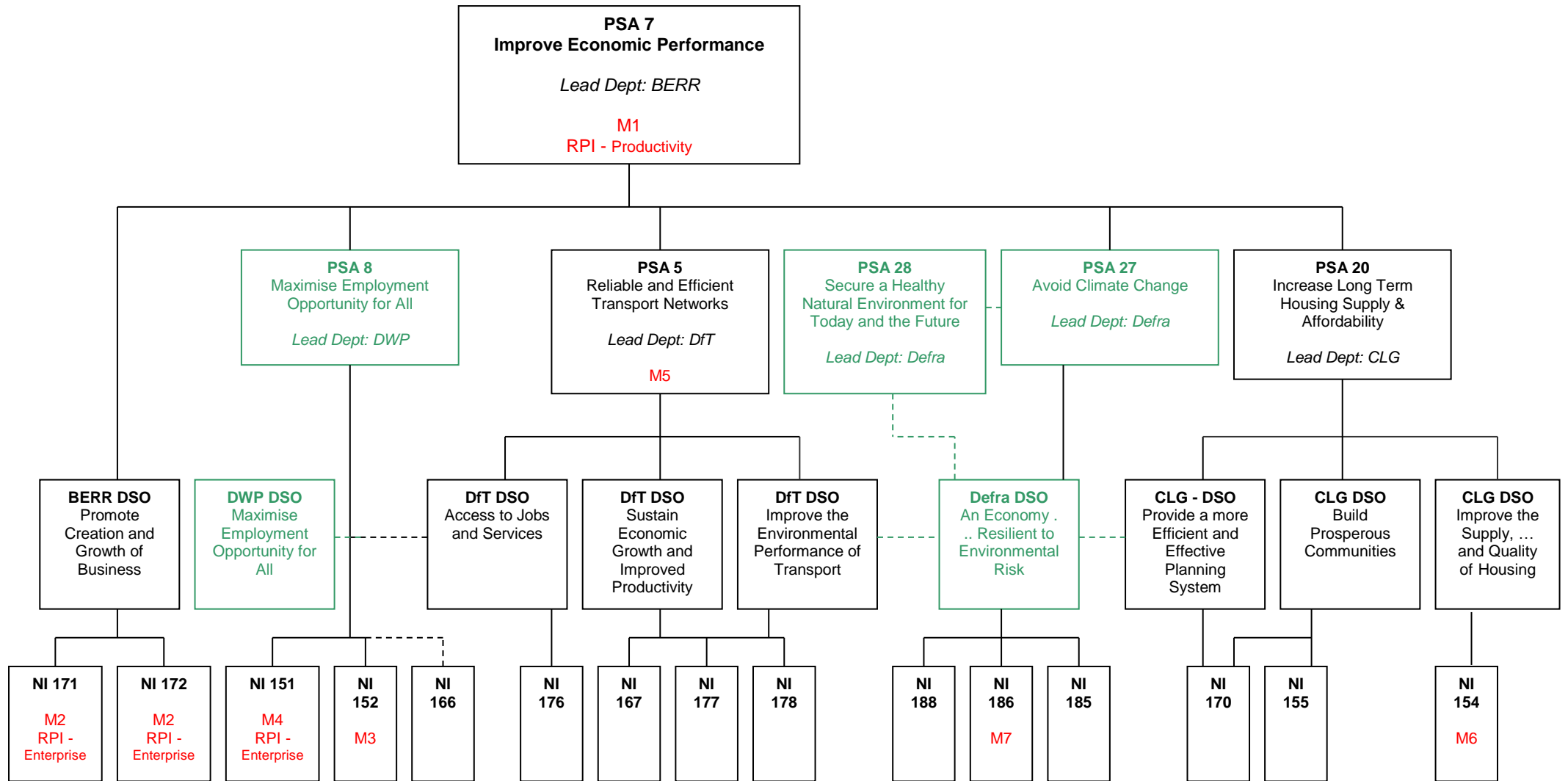
Ref	MAA Indicator (+ Definition)	National Indicator Set						PSA Target	Regional Performance Indicator	RES Indicator
		No.	Darlington	Hartlepool	Middlesbrough	Redcar & Cleveland	Stockton			
<b>M1</b>	Gross Value Added per Head – measure of the total value of the economy	N/A						7	Productivity	Increasing GVA to 90% of UK average
<b>M2</b>	Increase in Business Stock – number of businesses registered	171 172	✓	✓	✓	✓	✓	--	Enterprise	Creating between 18,500 and 22,000 net new additional businesses
<b>M3</b>	Working Age People on Out of Work Benefits – most reliable measure of household income	152	✓					--	Productivity	Increasing GVA to 90% of UK average
<b>M4</b>	Overall Employment Rate – proportion of working age population in employment	151	✓	✓		✓	✓	7	Enterprise	Increasing GVA to 90% of UK average
<b>M5</b>	Reliability of City Region Road Network – variance in speeds and journey times for selected links on the network	N/A						5	Sustainable Development	N/A

Ref	MAA Indicator (+ Definition)	National Indicator Set						PSA Target	Regional Performance Indicator	RES Indicator
		No.	Darlington	Hartlepool	Middlesbrough	Redcar & Cleveland	Stockton			
<b>M6</b>	Net Additional Homes Provided – overall increase in dwelling stock	154			✓			20	Sustainable Development	N/A
<b>M7</b>	CO <sub>2</sub> Emissions from Industrial Premises – measure of the resource efficiency of the industrial sector	186	✓		✓	✓		27	Sustainable Development	CO <sub>2</sub> emissions from consumption

Diagram showing Complementary Relationship between LAA and MAA Indicators



## Diagram showing Linkages between MAA Indicators and PSAs/DSOs



## **Appendix F**

Progress with the MAA 'Asks'



MAA 'Ask'	Rationale & Progress to Date	Next Steps	Status
1. Agreement to broad programme of strategic investment priorities	Agreed in principle with ONE, and negotiations are currently underway on the approach agreed through the Corporate Planning process – Project Initiation & Planning documentation currently being considered by ONE for inclusion in the City Region programme.	Work needs to progress on further developing the joint appraisal process to improve the business process system, allowing high quality business cases to progress through the system more efficiently, and in a way that can allow greater responsiveness to potential private sector investment.	Continued negotiation between City Region and ONE on specific projects
2. City Region Investment Plan to be the guiding document	<p>Investment Plan prepared in September 2006 has now been reviewed and updated into three separate documents:</p> <ul style="list-style-type: none"> <li>• Single Programme Delivery Plan – under negotiation with ONE (see above), with clear links to ONE's Corporate Plan and proposed regional growth objectives / RES targets;</li> <li>• Housing Market Renewal Business Case (and supporting Growth Point Bid) – under consideration by CLG, having been approved by Tees Valley Living; there will also be implications for this area from the Homes and Communities Agency, particularly the regional dimension of the Agency's work and a link will have to be made when the Agency is further advanced in its development; and</li> <li>• City Region Transport Strategy – approved by all five Authorities as an addendum to their LTPs, and now feeding in to the RFA, guidance for which is expected later in 2008.</li> </ul>	Regular updates need to be provided on these documents, all of which set out the detail of the capital projects that the City Region has prioritised.	Continued development by City Region
3. Certainty of funding over a defined time period	Given that the MAA consists of the main capital funding streams, there is a need to look at a longer agreement on funding – the suggestion is currently for 5 (or 3 + 2 years), with an annual or bi-annual review.	This 'ask' will need to form part of the MAA as it requires commitment from Central Government.	To be included in MAA

MAA 'Ask'	Rationale & Progress to Date	Next Steps	Status
	<p>CLG has stated that HMT would allow any Government Department to agree funding over any length of time with a Region or City Region, but that any "overhang" relating to the current CSR period will be at the Department's own risk.</p>		
<p>4. Appraisal of project of value less than £5 million to rest with Tees Valley</p>	<p>This 'ask' seeks the authority for Tees Valley to appraise projects under £5m. Although there would be involvement by ONE in the appraisal process there is an issue of the accountability of the funder, in this case the RDA. The point of issue is who makes the investment <u>decision</u>.</p> <p>The current delegatory framework does not allow this level of delegated authority to the City Region. At the moment projects over £2.5m have to be approved by the ONE Board. The issue of delegation is a key one to emerge from the SNR and is currently being considered by CLG and BERR.</p>	<p>The expectation is that the forthcoming SNR implementation consultation document should set out Government's intention on delegation from central Government to Regions and from Regions to City Regions and Local levels. However there will unlikely be a clear picture on how this will look until later in the year (following the consultation period and Government's consideration of responses).</p> <p>In the meantime, work can be progressed on improving systems to achieve better joint appraisal of projects within the overall programme; developing an effective investment planning approach, within existing structures of accountability.</p>	<p>Dependent on SNR consultation outcomes</p>
<p>5. Ability to vire resources across different disciplines</p>	<p>This 'ask' requires agreement from Government Departments (and Agencies), given that there may be a risk that the virement of resources will have a knock-on effect on a Department's PSA target in any given year.</p>	<p>This 'ask' will need to form part of the MAA, and will need to be brokered by CLG.</p> <p>However the virement of funds is linked to the above point and is therefore to some extent dependent on wider SNR outcomes.</p>	<p>Dependent on SNR consultation outcomes</p> <p>To be included in MAA</p>
<p>6. Ability to re-profile the sequencing of individual projects</p>	<p>As above.</p>	<p>As above.</p>	<p>As above</p>
<p>7. Support for</p>	<p>The confirmation of the Tees Valley as both an MAA 'pilot' and an LAA/MAA Demonstrator Project has</p>	<p>The Board and supporting structures will be further</p>	<p>Being progressed</p>



MAA 'Ask'	Rationale & Progress to Date	Next Steps	Status
flexible governance arrangements	demonstrated support at a National level for the City Region's intentions. At a City Region level, there has been significant commitment from both the public and private sector to the new arrangements, which will be formally constituted from July 2008.	developed over the coming months.	by City Region
8. Duty for national and regional agencies to participate in the MAA	<p>Unlike LAAs, this 'ask' is not related to a duty to take part in the process, as MAAs are voluntary, but rather a duty to be part of, and a commitment to, the agreed freedoms and flexibilities for a greater range of partners, including the new Homes and Communities Agency, Highways Agency and Network Rail.</p> <p>In addition, this 'ask' will also look to retain a proportion of any efficiencies gained from the MAA within the City Region, rather than be subsumed within the relevant agency.</p>	The ask is in part dependent on the outcomes of SNR implementation discussions, but is it also reliant on the commitment from a range of Whitehall Departments, and their Agencies, so will need to form part of the MAA to enable CLG to negotiate these commitments.	To be included in MAA
9. Tees Valley Unlimited to become a statutory consultee	This 'ask' was seen as deliverable in the short term by the Minister for the North East, but there needs to be an agreed mechanism for this to happen formally.	Discussions to take place with CLG to determine the agreed mechanisms for achieving the 'ask'.	City Region to take forward with CLG
10. 'Buy in' across Government	It is crucial that Government Departments and Agencies recognise the need to view delivery of key projects as a whole programme, rather than simply as a series of funding silos.	CLG is leading MAA negotiations across Whitehall, however critical to much of the buy-in and the flexibilities to flow from commitments will, again, be dependant on SNR outcomes.	To be a fundamental understanding of co-signatories to the MAA
11. Common appraisal system, based on HMT Green Book	The 'ask' is that all funding partners agree to use a common appraisal system, whilst recognising that there will be individual Departmental requirements on benefits and outcomes that will still be required and will need to be reflected in the process.	<p>Joint work on developing a common Project Handling Framework is now complete.</p> <p>Following agreement to the new system with ONE, we would wish to pursue this with other Government Departments, through CLG.</p>	To be included in MAA

MAA 'Ask'	Rationale & Progress to Date	Next Steps	Status
12. Streamlined approach to performance monitoring	The current MAA proposition has seven indicators, five of which are linked to LAA indicators that are likely to feature in the 35 LAA indicators to be agreed with Government, and five of which link directly to regional outcome indicators.	No significant objection has been raised to these proposals so it is proposed they are included in the MAA. Continued development by City Region and ONE.	Details on indicators to be used to be included in MAA

**Appendix G**  
Technical Notes







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