

LEADERSHIP BOARD

**Meeting held at Castlegate Quay, Moat Street, Stockton at 2.00pm on
Wednesday 24 September 2008**

ATTENDEES

Hugh Lang (HL)	Durham Tees Valley Airport	Chair
John Williams (JW)	Darlington Borough Council	
Stuart Drummond (SD)	Hartlepool Borough Council	
Ken Lupton (KL)	Stockton on Tees Borough Council	
George Dunning (GD)	Redcar & Cleveland Borough Council	
Ray Mallon (RM)	Middlesbrough Borough Council	
Professor Graham Henderson (GH)	University of Teesside	
Alastair MacColl (AM)	Chief Executive, Business Link North East	
Alison Thain (AT)	One NorthEast and Tees Valley Housing	
Chris Beaumont	NECC Representative	
Neil Schneider (NS)	Stockton on Tees Borough Council – Chief Executive Officer	
Ada Burns (AB)	Darlington Borough Council – Chief Executive Officer	

APOLOGIES

Martyn Pellew (MP)	PD Ports and North East Chamber of Commerce (NECC)
Paul Booth (PB)	President, SABIC UK Petrochemicals

OBSERVERS

John Lowther (JL)	Tees Valley JSU
Linda Edworthy (LE)	Tees Valley JSU
Jim Johnson (JJ)	Tees Valley JSU
Sarah Johnson (SJ)	Stockton on Tees Borough Council

1. CHAIR'S WELCOME

The Chairman (HL) welcomed attendees to the meeting.

2. NOTES OF THE MEETING ON 11th JUNE 2008

The minutes of the meeting held on 11th June 2008 were agreed as a true record.

3. MATTERS ARISING

Communication Strategy – The Board was informed that the Chair, Alastair MacColl and officers of the Joint Strategy Unit (JSU), Tees Valley Regeneration (TVR) and Visit Tees Valley (VTV) had interviewed a number of businesses. Gardner Richardson had been chosen and the process to develop the action plan was expected to start immediately. It was noted that Board Members should have received the Tees Valley Unlimited (TVU) Newsletter in August 2008. The second edition would be produced in November 2008.

The Board was informed that One North East (ONE) had offered to facilitate a session around image and branding. This had been held at Wynyard and a report was being produced.

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

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

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

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

out:

- The development of an industrial framework for the North Tees and South Tees area.
- The development of the Wilton International Innovation Connector. The Executive noted the 4 main components of the project. It was explained that a strategy document for the Connector together with an investment plan for ERDF funding and expression of interest for each component part of the project would be prepared by the end of September. The Joint Strategy Unit would be preparing the latter two documents and NEPIC would be writing the Strategy Document.
- Working up the action plan for the priorities for taking forward the development of the energy industry with Renew Tees Valley/CPI and the private sector.
- Developing a gauge enhancement programme for the Darlington – Teesport line together with PD Ports, ONE, Northern Way, Network Rail.
- Within the criteria set by the business support simplification scheme, work with Business Link and other partners to develop a business support model for the Tees Valley and possibly an enterprise multi area agreement.
- Working with partners to develop an innovation connector proposal for Digital City which links into each of the Boroughs of the Tees Valley.
- Coordinate the development of a business support package for the Tees Valley for funding under ERDF.

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

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

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

- Tees Valley Bus Network Improvement Scheme

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

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

The Board discussed the information in relation to the current economic climate and whether this was having an impact on timescales and delivery. It was noted that although there was some cause for concern there was still a lot to do on the MAA over the coming months and the message from CLG was to remain focused on the strategy.

RESOLVED that the report be noted.

5. THE CREDIT CRUNCH – IMPLICATIONS FOR THE TEES VALLEY

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

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

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

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

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

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

The Board made the following comments:

- It was suggested that the JSU could produce some scenario planning around the impact of the credit crunch in terms of the business plan.
- The Board suggested that the JSU could work with the Regional Development Agency and other private sector organisations to ensure that there was access to reasonable finance.
- The Board raised concerns over the £30m recently lost by ONE. It was agreed that the JSU should write to Hazel Blears outlining the concerns. The letter would be cleared with the RDA prior to its submission to Hazel Blears.
- It was suggested that the JSU should produce a database for manufacturing and other projects to detect any that may be slowing down and look to offering practical help and advice if necessary.
- Concerns were raised over the possibility of Business, Enterprise and Regulatory Reform (BERR) not being able to commit to the indicative £20m in the MAA. Targets had been set against the amount and delivery would be unlikely if it was not available. The Board was informed that there was a meeting between Council Leaders and Regional Ministers coming up and it could be highlighted there.
- The Board suggested that an away day on all the issues relating to the economic climate, if necessary, could be arranged for the New Year and facilitated by Lee Shostak.
- The JSU should use the Sub Boards to gain the views of industry.
- Local Authorities should be invited to come forward and explain what is happening in their areas.
- The JSU should inform businesses and the Tees Valley of the actions that they are taking despite the current situation.

RESOLVED that the information be noted.

6. THE ROLE OF TEES VALLEY UNLIMITED IN HOUSING

The Leadership Board considered a report that provided a brief on the housing activities of Tees Valley Unlimited through the Tees Valley Living sub board. The report set out the

important role of housing initiatives in helping to improve the economic performance of the Tees Valley, the development of the Sub Regional Housing Strategy including Housing Market Renewal and its achievements and the policy objectives behind the Tees Valley Housing Growth Point Initiative Programme.

Jim Johnstone, Director of Tees Valley Living was in attendance at the meeting and gave a short presentation on the work of Tees Valley Living.

The Board discussed the information in relation to the current economic climate. The Director of Tees Valley Living acknowledged that it was likely that Tees Valley, in common with all other 74 Growth Areas, would not reach its annual targets for house building as stated in the Growth Point Programme of Development, due to the current economic climate. It was noted that it was important that the Government acknowledged this and reduced targets in the immediate future accordingly. In terms of the major volume housebuilders, the Director of Tees Valley Living had spoken to managing directors and it was apparent that Joint Ventures and Asset Backed Delivery Vehicles were popular.

The Board commented that it was important to continue to prioritise the implementation of the existing urban regeneration strategy, but also to be opportunistic in order to achieve housing growth and that more access was needed to executive style homes. The Board also discussed issues surrounding student housing.

RESOLVED that the information be noted.

7. THE ROLE OF THE EMPLOYMENT AND SKILLS BOARD

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

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

The Executive considered the possible actions to resolve the issues. This included splitting the Board into two operational groups one covering employability and the other focusing on higher level skills. The role of the worklessness/employability group would be to develop an employability strategy for the

Tees Valley building on the work of Shared Intelligence. The role of the skills group would be to develop a high level skills strategy for the Tees Valley and then draw up an action plan or possible MAA to implement it. The action plan would concentrate on four key sectors: petrochemicals, renewable energy, digital/multi media and health as these were the key parts of the economy requiring high level skills. It was explained that the intention would be to have task and finish groups of people from the industry to develop potential proposals to tackle the skills needs of their industry.

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

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

It was noted that in relation to the other Sub Boards the general feed back from stakeholders, in particular the private sector Sub Board members, was that they were not clear as to the role of the Sub Board, their role on the Sub Board and how they could add value to the partnership. It was explained that briefings were being arranged with private sector Sub Board members to discuss the role of the Sub Boards and how they could best add value to the meetings. Additionally, in response to private sector Sub Board members' comments verbal briefings in advance of each sub board meeting would be provided. The role and functioning of the other Sub Boards was to be kept under review.

The Board discussed the proposed approach and agreed that it was the right way forward.

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

8. TEES VALLEY UNLIMITED ANNUAL CONFERENCE

The Board considered a report that put forward a proposal for the Tees Valley Unlimited Annual Conference to be held in January 2009.

It was explained that right from the beginning of Tees Valley Unlimited (TVU), it had been recognised that TVU needed to hold an annual conference to communicate with the broader

partnership the work of Tees Valley Unlimited and to receive feedback.

The Board was provided with details of the proposal including the objectives of the conference, target audience, the form of the conference and the proposed business dinner, possible venues, guest speakers and sponsors for the event and was asked for its views.

The Board made the following comments:

- One of the objectives of the conference should be to discuss the economic climate and the challenges it presents, if appropriate at the time of the conference.
- The 'great and the good' from the local community and ex-graduates should be invited to the event to speak about the region.
- The Board raised concerns about the timescale of the event and noted that it was important to get it right.

RESOLVED that the JSU, in consultation with the Chair, further develop the agenda for the conference.

9. TVU PERFORMANCE REPORT – QUARTER 1 2008/09

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

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

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

have a single group to oversee the three funding streams particularly for the consideration of reprofiling.

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

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

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

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

RESOLVED that:-

1. The performance on the first quarter in relation to the TVU high level outcomes and MAA targets be noted.
2. The process for decision making in relation to funding programmes and the establishment of the TVU Programme Group as detailed in the report be agreed.
3. The position on the first quarter of the Single Programme 2008/09 and the concerns about the delay in achieving spend this year be noted.
4. The need for detailed discussions with ONE and GONE on improving delivery be endorsed.
5. The position on the HRM first quarter performance and the projected year end position be noted and consideration of potential overspending be referred to the proposed Programme Group.

10. IMPLEMENTING THE MAA

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

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

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

The Board was informed that at the last stages of agreeing the detail of the “asks” that Government would sign up to in July, Government withdrew its support for our request for a long term funding commitment. It was noted that there was no opportunity to change this in advance of signing the MAA but the MAA stated that the achievement of the targets was subject to agreement of some further “asks” where negotiations had not been completed or taken place. TVU had written to John Healey expressing disappointment with the removal of the long term funding commitment “ask” from the agreement and had requested a meeting. A meeting had been arranged for 9th October 2008. TVU had also been asked to prepare a technical briefing note on the issue to support internal CLG discussions in advance of the meeting.

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

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

The Board was given details of meetings with BERR on delegation.

RESOLVED that:-

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

11. DATE OF NEXT MEETINGS

Wednesday 10 December 2008

Wednesday 18 March 2009