

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

8 JULY 2010

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Cllr Cook

REVIEW OF TEES VALLEY UNLIMITED (TVU)

1. Summary

This report sets out the progress to date on the review of Tees Valley Unlimited and seeks Members' endorsement of the work undertaken and to the next steps.

2. Recommendations

1. To note progress made to date.
2. To support the revised TVU organisation and appointment of a new Managing Director.
3. To note the proposed next steps and the delivery of the detailed transition plan.

3. Reasons for the Recommendations/Decision(s)

To report progress to date on the review of TVU, and provide details of the transition process.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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MANAGEMENT TEAM****CABINET DECISION****REVIEW OF TEES VALLEY UNLIMITED (TVU)****SUMMARY**

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RECOMMENDATIONS

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2. To support the revised TVU organisation and appointment of a new Managing Director.
3. To note the proposed next steps and the delivery of the detailed transition plan.

BACKGROUND

1. As part of the emerging Statement of Ambition, which will establish the agreed priorities for Tees Valley to improve economic performance, the partners involved in TVU have carried out a review looking at its role, purpose and structure. Partners were keen to look at the purpose of TVU and activity of a range of supporting organisations including the Joint Strategy Unit, Tees Valley Living, Visit Tees Valley, and the functions previously delivered by Tees Valley Regeneration, with an establishment of approximately 100 posts.
2. To inform the review, a series of structured conversations and sessions were held with a range of key stakeholders including TVU Board members, Tees Valley Directors of Regeneration, Local Authority Chief Executives, the HCA, ONE, and Government Office North East (GO-NE).
3. The review process has been managed through a high level Project Board reporting to the TVU Leadership Board, and to member organisations through regular updates to Local Authority Chief Executives, and via the Tees Valley Directors of Regeneration.
4. The main proposals of the review, which were endorsed by the TVU Leadership Board on 10th June 2010 are:
 - TVU continue as a Public Private Partnership with additional Board members from One North East and the Homes and Community Agency.

- A new Investment Board to be established to develop and manage the integrated Investment Plan.
 - Task and Finish Groups will replace the existing sub boards.
 - A New Managing Director, equivalent to a LA Corporate Director, reporting to the Board and Chair, is appointed to drive forward the organisation.
 - The establishment of a detailed transition process, with the involvement of partners, to establish the new organisation (**Appendix 2**).
5. In considering the various options, including a radical 'blank sheet' approach, the Project Board agreed that there was considerable merit in an approach that built an organisation fit to deliver the emerging strategic aims and objectives of the Statement of Ambition, rather than reflecting past activity. The recommended way forward and guiding principles for a renewed TVU reflect this, and are set out below.

WAY FORWARD / GUIDING PRINCIPLES

6. The fundamental purpose of TVU is to support the economic development of the Tees Valley, helping create the conditions for a more diverse economy by driving the transition to a high value, low carbon economy, creating a more diversified and inclusive economy, and building on existing strengths through its partnership working.
7. The Statement of Ambition will establish the agreed priorities for Tees Valley, and TVU will play a key role in driving this ambition forward through encouraging collaborative working, providing strategic direction and offering a holistic view of economic development.
8. TVU activities will help to deliver the agreed Tees Valley targets over the next 15 years of:
- Increasing the gross value added (GVA) per head from its current level of 75% of the national average to 82%
 - Increase the employment rate to the national average
 - Create 1000 new businesses over the existing trend, and
 - Increase the number of people with high level skills by 5%

The detailed contribution of TVU to this wider agenda will be included in a revised 1 year operational plan, and 3 year Business Plan produced as part of the transition to the new organisation.

FUNCTIONS / CORE ACTIVITIES OF TVU

9. TVU will operate where it adds value and it can be demonstrated there is a Tees Valley need. These will include:

Functions

- Strategy and Investment Planning
- Commissioning and Co-ordination
- Implementation /Evaluation

Core Activities

- Production and oversight of the economic strategy for the sub region
- Production of an integrated Tees Valley Investment Plan
- Co-ordination and commissioning to ensure delivery of key economic priority areas, e.g. North / South Tees Study
- Development of a high-powered and intelligent lobbying and influencing capacity
- Building a strong external brand for the sub region
- Focus on place shaping and key strategic economic projects, e.g., developing the transition to a high value, low carbon economy, and a more diversified economy

HOW TVU WILL OPERATE

10. TVU will be a higher level, light touch organisation, with specific focussed objectives on shaping high level strategy, programme development, defining the phasing and scale of activity and commissioning delivery. TVU will have fewer, but more highly skilled staff, and will operate on the basis of not carrying generic in-house capacity. TVU will have clear and agreed governance and accountability to its core funding partners.

FUTURE GOVERNANCE ARRANGEMENTS

11. TVU will continue as a Public Private Partnership, with the addition of a formal Members Agreement, Memorandum of Understanding, protocols for communication, and a clear system for delegations. These will support the following governance structure.

Revised Leadership Board:

12. The Board will have a private sector Chair, be composed as currently, but supplemented with a Board member from HCA and ONE. It will approve the agreed Tees Valley Statement of Ambition and the integrated Investment Plan to deliver it. Private sector Board membership will be reviewed to reflect the emerging strategic priorities.

Investment Board:

13. The Investment Board will be responsible for ensuring the development of the Integrated Investment Plan, which will be approved by the TVU Leadership Board, and will subsequently take responsibility for the management of the agreed programmes and key projects on behalf of the Board.
14. The Managing Director will, with support from TVU staff, and others where appropriate, provide leadership and direction in support of the Investment Board.
15. Membership will be primarily of senior officials from public sectors organisations with a stake in the agreed Investment Plan. The Board will be Chaired by the Vice Chair (Leader or Mayor) from the Leadership Board and will have one other Leadership Board member.

Task and Finish Groups:

16. Task and Finish Groups will replace the existing sub boards, with decision making roles, where appropriate, incorporated into the Investment Board. The groups will provide the main mechanism for the engagement of private sector Board members in relevant areas of experience and interest, and will offer a flexible and efficient mechanism to address strategic priorities in an appropriate time scale.
17. TVU and the Task and Finish Groups will be supported and informed by appropriate sub regional themed partnership forums.
18. The presumption is that the current Executive Group, Programme Board, and sub boards will be removed, but a pragmatic approach will be taken through the transition planning process to ensure the correct level of support and engagement is available in the new organisation.

NEW MANAGING DIRECTOR

19. The new Managing Director will provide high level strategic direction, and report to the Leadership Board, but working closely with the LA Chief Executives and senior officers from partner organisations. The post will be equivalent to a Local Authority Corporate Director. The cost of this post will, to a large extent, be offset by the retirement of the current Director of the JSU within the next two years.

THE TRANSITION TO THE NEW ORGANISATION

20. The transition process will be modelled on the successful TVR succession work. It is anticipated that the transition to the new organisation will be substantially completed within a 6 month period. The work will be overseen by a transition management team (Host Authority Implementation Group (HAIG) – **Appendix 1**), which will prepare and deliver the transition programme. The work will be completed using in-house resources channelled through a number of Task and Finish Groups reporting to HAIG and the Project Board.
21. The transition management team, working alongside the Chair (who has agreed to act in an executive capacity in the interim), and some additional transition capacity, pending the arrival of the new MD, will also help drive the process.
22. Once the TVU functions have been determined, a prime task will be to identify which of the new TVU senior management posts could be filled by the existing senior managers, either by direct transfer, or competition. Early, sensitive, resolution of the position of the current senior managers will send a strong message to other staff that will subsequently be affected by the review.

EFFICIENCY GAINS

23. The Programme Board are confident that the original envisaged savings for the organisation as a whole of 15% over three years will be achieved. However, the exact level of savings may be greater depending upon the final level and numbers of staff, which will be determined as the detailed transition work moves forward.

FINANCIAL IMPLICATIONS

24. The majority of the transition work will be undertaken using in-house and partners' expertise. JSU reserves, plus partner contributions, will core fund this, on the basis of their current support for the Project Seconded.
25. Existing budgets are in place for the various organisations within the review through to 2011. A revised budget for the new consolidated organisation will be prepared as part of the transition process, and the operational and business plans will be produced under the direction of the new MD.

LEGAL IMPLICATIONS

26. Current proposals are that TVU continues as a Public Private Partnership. The implications of this, and other emerging potential changes, such as Local Enterprise Partnership, will be considered by a Legal / Governance Task and Finish Group as part of the transition process.

RISK ASSESSMENT

27. A comprehensive risk register will be developed and maintained by the transition management team throughout the review process.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

28. None as a direct result of this report.

EQUALITY IMPACT ASSESSMENT

29. This report itself is not subject to an Equality Impact Assessment (EIA).

CONSULTATION INCLUDING WARD/COUNCILLORS

30. TVU Leadership Board members, relevant portfolio holder and appropriate officers.

Name of Contact Officer: Richard Poundford
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Education related

No

Background Papers

TVR Succession arrangements – reports to Cabinets and Executives - October 2009
 TVU Statement of Ambition - June 2010
 TVU Leadership Board papers – 10.6.10

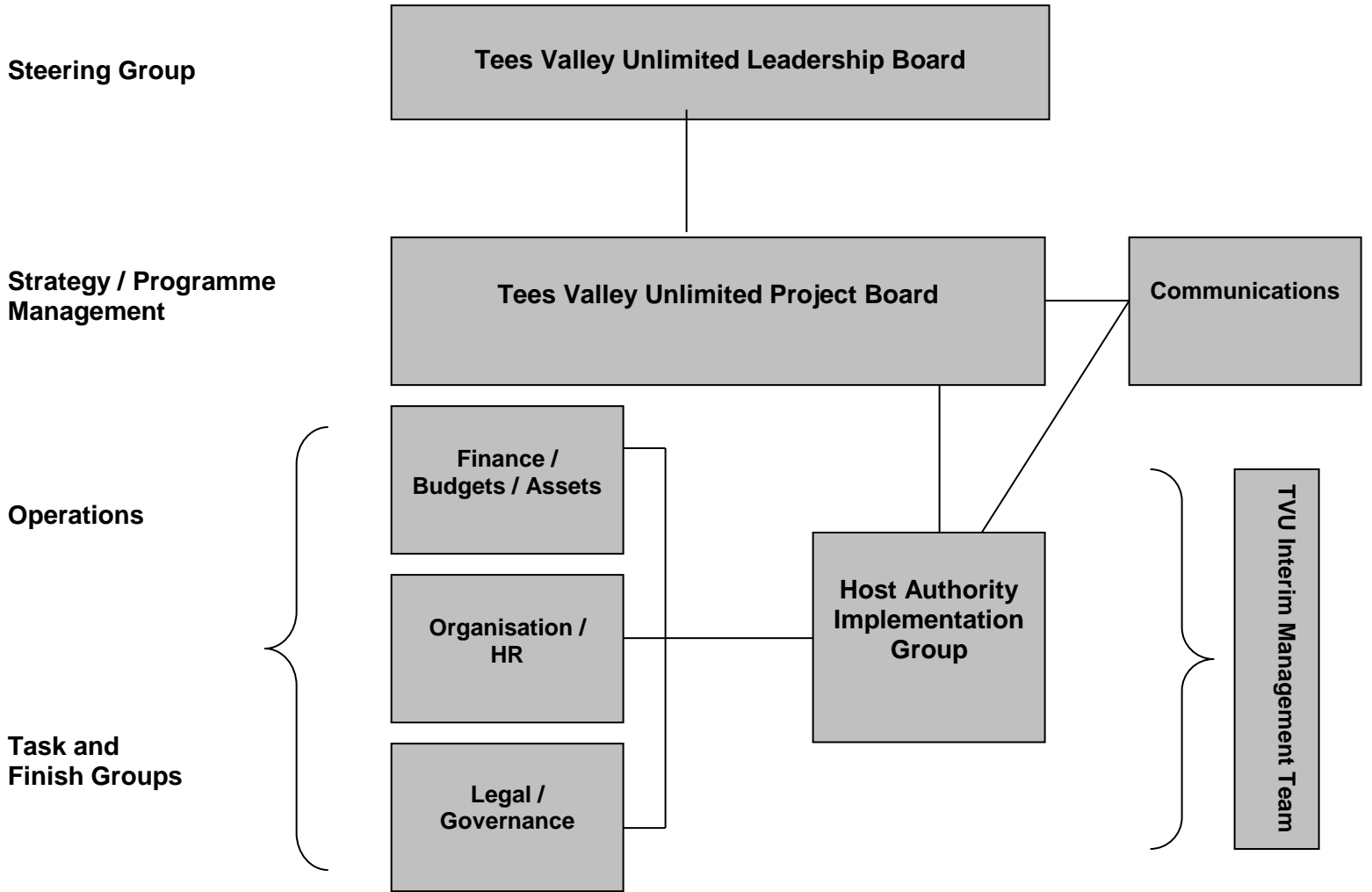
Ward(s) and Ward Councillors

Not ward specific

Property

None as a direct result of this report.

**TVU REVIEW
TRANSITION PROGRAMME MANAGEMENT & GOVERNANCE STRUCTURE**





KEY MILESTONE

TRANSITION PLAN SUMMARY (DRAFT)

