

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

3 OCTOBER 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Transport – Lead Cabinet Member – Councillor Michael Smith

City Deal & Growth Strategy

1. Summary

A range of initiatives through central government which could make significant levels of financial resources available across the Tees Valley are currently being pursued through the Tees Valley LEP. This report provides information on identified priorities, potential funding and timescales for progressing submissions to Government.

2. Recommendations

1. To approve the proposal as it is currently set out in the attached slides
2. To give delegated authority to the Corporate Director of Development & Neighbourhood Services in consultation with Cabinet Member for Regeneration & Transport to agree the final submission prior to 23rd October.

3. Reasons for the Recommendations/Decision(s)

Agreement of the proposals as set out along with delegated authority to amend and approve a final version of the submission to government will provide agreement on the proposed course of action and allow for final amendments to be dealt with in an efficient and co-ordinated manner.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, 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 and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

AGENDA ITEM

REPORT TO CABINET

3 OCTOBER 2013

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

City Deal & Growth Strategy

SUMMARY

A range of initiatives through central government which could make significant levels of financial resources available across the Tessa Valley are currently being pursued through the Tees Valley LEP. This report provides information on identified priorities, potential funding and timescales for progressing submissions to Government.

RECOMMENDATIONS

1. To approve the proposal as it is currently set out in the attached slides
2. To give delegated authority to the Corporate Director of Development & Neighbourhood Services in consultation with Cabinet Member for Regeneration & Transport to agree the final submission prior to 23rd October.

DETAIL – BACKGROUND

1. Members will be aware that Tees Valley was invited to apply for a second wave City Deal which initially was to be judged on a competitive basis. This followed the conclusion of first wave City Deals by the Government with the eight ‘Core Cities’ including Newcastle, Manchester, Leeds, Sheffield and Liverpool in the North.
2. Approval was given by the 5 Boroughs and Tees Valley Unlimited’s Leadership Board to progress a bid for a City Deal with an Expression of Interest submitted to Government in January 2013. Following submission of Expressions of interest from 20 applicants, the Government decided that all 20 applicants should proceed through to detailed negotiations with the relevant Government Departments coordinated by the Cabinet Office.
3. For several months these negotiations have been taking place on the content of a City Deal which would deliver in some measure our economic plans based around two identified Statements of Ambition
 - Ambition 1 – Drive the transition to a high value, low carbon economy
 - Ambition 2 – Diversify growth in private sector jobs

CONTENT OF THE CITY DEAL

4. Before setting out the current content of the proposition to be put forward by our area, it is worth emphasising that the City Deal negotiations and outcome are only one element of a range of initiatives that are available to the LEP and its partners to generate the growth that the economy needs. It is important to acknowledge this to avoid raising expectations about the impact that the initial City Deal might have.
5. Indeed in terms of Government allocation of resources more is likely to be available under the Local Growth Fund and of course the European Structural Funds for 2014 onwards with possible match coming from Government Departments via 'Opt-ins'. Currently both a Local Growth Plan and a European Growth Plan are being developed for submission to Government in draft form in October. These documents will set out what growth we are seeking and how it is to be achieved over the next 10 years.
6. Nevertheless it is clear that securing a City Deal is of importance to the area for several reasons namely:
 - It creates a direct and long term relationship with Government and key Departments
 - It helps to cement an understanding and acceptance by Government of our objectives for growth and more importantly the means to achieve them which will help in securing monies from the Local Growth Fund
 - It makes match funding from Government Resources for the European Structural Funds much more likely
 - It places the Tees Valley firmly in the 'cities' category which future Governments of whatever colour are likely to use as engines of growth
 - It gives us access to pilot programmes to tackle specific issues
7. For these reasons it is considered that securing a City Deal is worth pursuing and that its content has to be seen in context about positioning for the future and not immediate benefit.
8. Turning now to the content of our proposal, attached here as Appendix 1 are slides which set out our rationale, key actions and 'asks' of Government which will be required to achieve and support our identified Statements of Ambition along with an indication of what the local area is prepared to do/commit to achieve this.
9. Again it must be stressed that not all of these elements are likely to be agreed by the Government following debate and scrutiny by the Ministerial Panel.
10. After a description of our vision, the first two elements of our proposal concern the establishments of a world class integrated carbon efficient industrial sector with new complementary 'green' industries. This aligns with Ambition 1 of the Statement of Ambition building upon our existing industrial strength. It offers the

Government the prospect of a globally important location that will help other advanced manufacturing sectors such as aerospace and automotive to become even more competitive.

11. To achieve this we need to attract substantial private sector investment which will only happen if we and the Government can provide certainty on planning, preferred status for green industries, access to cheaper feedstocks via new exploitation of natural resources and continuing financial incentives to would-be occupiers.
12. Secondly we envisage helping our existing industrial activities to become more efficient and competitive by tackling aspects such as carbon emissions via the formulation and implementation of a Low Carbon Action Plan.
13. In accordance with Ambition 2 we are seeking to deal with the shortage of private sector jobs in the economy by establishing a Growth Hub that will signpost companies to specialist advice/expertise to help their businesses grow. It will also specifically accelerate growth for those companies that display the attributes of a high growth company.
14. In addition there is a specific proposal to establish an Open Technology Centre that will support the 'commercialisation' of new products and processes. The centre will de-risk activities and help companies grow faster together with a link-up with academia to provide Industrial Doctorates in engineering. Our ask of Government is that the centre be designated as part of the Advanced Manufacturing Catapult to enable it to draw down resources from the Technology Strategy Board.
15. Our skills ask has been developed in partnership with the FE Colleges and tries to free up some of their budgets to tackle specific issues arising here in the Tees Valley. It would be fair to say that this element represents perhaps one of the most challenging for Government given its national policies on these matters.
16. Finally we are seeking a series of infrastructure/communication 'asks' to underpin our proposals by providing good quality access via road, rail, air and sea. Again the Government thus far have been reluctant to accept these within the City Deal process as they argue that they can be achieved via other means. However at the very least they highlight to Government how important these elements are to us and may influence the pressure they can bring to other processes.
17. The rationale and key 'asks' associated with the Statements of Ambition have to be set out within a 20 page document and submitted to Government by 23rd October

GOVERNANCE

18. Within the slides are the commitments that the area would agree to if the Government accepts the 'asks'. In addition the Government has been keen to see the governance arrangements between the LEP and the local authorities strengthened to give more certainty to the longer term delivery of the economic strategy/City Deal.
19. Here in the Tees Valley we already have an arrangement which reflects well the excellent relationships that exist between the local authorities themselves and between the public/private sectors as evidenced by the performance of Tees Valley Unlimited, the LEP. Having said this it is clear that strengthening could be

beneficial if it enables decision making particularly in respect of deployment of resources such as the Investment Fund or Growing Places monies to be less complicated and time consuming.

20. To achieve this, an indication has been given that all structures including a combined authority would be considered for the future. However our vision is that such new arrangement including a combined authority must build on our existing strengths and not detract from them. So we would only be happy with a new structure if it:

- Enabled the functions in question i.e. economic development, transport and communications and skills to be delivered by a single organisation thereby avoiding duplication, confusion and extra administrative cost
- Retained the private sector at the heart of shaping the economy and its growth
- Enhanced speedy decision-making which reflects the need to be fleet of foot

NEXT STEPS

21. The time table is as follows;

- Minister (Greg Clark) Challenge Session on 17th October
- Final deadline for submission on 23rd October
- Local Growth Working Group (Panel of Ministers) on 6th November

22. To accommodate this TVU are seeking agreement via this report from each of the Boroughs by 8th October to the principles set out in the proposal and delegated authority as appropriate to the final submission before 23rd October.

23. As indicated above the submission will be in the form of a 20 page document that will be based on the slides attached to this report. The need for delegated authority is because the content is likely to change to some degree after the Challenge Session and prior to 23rd October.

24. TVU's Leadership Board will have a special meeting on 3rd October to approve in principle and give delegated authority to the Chair and Managing Director to finalise submission post the Challenge Session.

FINANCIAL IMPLICATIONS

25. There are no direct financial implications arising from this report

LEGAL IMPLICATIONS

26. There are no direct legal implications arising from this report

RISK ASSESSMENT

27. The actions set out above are categorised as low risk at this stage.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

28. **Economic Regeneration and Transport** - the proposals support the key ambition of delivering *a strong local economy with better jobs and improved employability* as well as *improved transport networks* across the Tees Valley.
29. **Environment and Housing** – the proposals will assist in achieving the ambition of *tackling climate change* through a transition to a high value, low carbon economy
30. **Children & Young People** – Proposals will provide increased access to training and employment opportunities for the Boroughs children and young people
31. **Healthier Communities and Adults** – Increased access to employment and training opportunities can improve the health and wellbeing of adults.
32. **Stronger Communities** – proposal can contribute toward *increased community pride* as employment opportunities increase.
33. **Older Adults** – proposals will assist in achieving the ambition to create a *welcoming community* for older adults, by improving the transport networks in the area allowing for easier access and movement
34. **Art, Leisure and Culture** – proposals will help build upon and restore the industrial heritage of the area through growth in traditional industrial sectors associated with the Tees Valley

EQUALITIES IMPACT ASSESSMENT

35. This report is not subject to an Equalities Impact Assessment.

CONSULTATION INCLUDING WARD/COUNCILLORS

None

Name of Contact Officer: Paul Dobson
Post Title: Corporate Director Development & Neighbourhood Services
Telephone No. 01642 527069
Email Address: paul.dobson@stockton.gov.uk

Background Papers

TVU Statement of Ambition January 2012

Ward(s) and Ward Councillors:

Borough wide

Property

No direct property implications