

## Sub Regional Growth Strategy – Briefing Note

### Growth Strategy

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 section of the update provides information on identified priorities, potential funding and timescales for progressing submissions to Government.

### City Deal

There has been continuous dialogue with civil servants across various departments regarding the potential content of our 'City Deal'. A meeting with Greg Clark MP was held in July where the pursuit of some of the identified schemes was encouraged but it was advised that our 'ask' be more focussed on the opportunities that investment in our own distinct economy offered Government.

Work has continued on developing our City Deal based around the two key statements of ambition;

- Ambition 1 – Drive the transition to a high value, low carbon economy
- Ambition 2 – Diversify growth in private sector jobs

Both of these ambitions are underpinned by targeted aims and 'asks' of government centred around the following key areas.

Activity to support Ambition 1 will focus on the creation of a globally significant industrial hub with investment centred on the development and growth of the 3 major industrial complexes at Wilton, Seal Sands and Billingham with a view to positioning these facilities as one of the top 5 globally significant industrial hubs.

Further key activity will be the delivery of a Low Carbon Action Plan which will address four specific issues;

- **Carbon Capture and Storage** leading to the delivery of the first industrial CCS network in the world
- **Heat** by using industrial heat more efficiently to reduce emissions and improve competitiveness
- **Syngas** by incentivising the use of waste and biomass to produce chemicals/feedstock here in Tees Valley to create greater benefit for UK economy
- **Hydrogen** by incentivising production and storage of green hydrogen as a building block for products of the future

Growth in jobs across all sectors remains a key ambition with the development of skills and training vital to achieving this. Proposals for the development of a business growth hub based on successful European models and increased flexibility across FE Colleges to deliver training in targeted fields, on a loan free basis, increasing accessibility and employment opportunities.

City Deal also continues to emphasise the importance of connections and communication in attracting and retaining significant levels of private sector investment with improvements to the rail network and support to increase activity and use of Teesport and Durham Tees Valley Airport prioritised.

## **Growth Deals**

The City Deal and related 'asks' sit alongside the development of Growth Deals for each LEP. Through Growth Deals, LEPs can seek freedoms, flexibilities and resources from Government; and a share of the new Local Growth Fund to target identified growth priorities.

The Government and LEPs will negotiate Growth Deals on the basis of LEP's Strategic Economic Plan which will contain a growth plan, implementation plan and delivery plan. £2billion per year will be made available for five years from 2015/16 across a range of funding sources, with all areas set to receive some funding but there will be competitive elements attached to deciding allocation.

Tees Valley has already been allocated £173m from European Structural and Investment Growth Funds which will sit alongside the Growth Fund, giving LEPs flexibility to use their Growth Deal funding on combined and complementary activities.

A number of Task & Finish Groups have been established to look at priority areas of activity which will inform the Strategic Economic Plan. The groups addressed the following key themes;

- SME Competitiveness
- ICT
- Place
- Sustainable Transport
- Low Carbon Economy
- Climate Change and Environmental Protection
- Employment and Skills
- Social Inclusion
- Place
- Innovation

In terms of moving forward, the timetable which TVU are currently working towards requires submission of City Deal proposals by 23<sup>rd</sup> October. To achieve this timetable a detailed report will be brought to Cabinet on 3<sup>rd</sup> October for approval in principle.

The timetable and process for submission of Growth Deals requires LEPs to provide an update to Government on progress of their Strategic Economic Plans in October 2013 with a final version to be submitted in March 2014. This will be followed by a period of assessment and negotiation with allocations agreed in July 2014 for implementation from April 2015 onwards.