
TEES VALLEY CITY REGION PROPOSALS

**Responsible Cabinet Members - Councillor John Williams, Leader
Councillor David Lyonette, Regeneration and Planning Portfolio**

**Responsible Directors - Ada Burns, Chief Executive
John Buxton, Director of Development and Environment**

Purpose of Report

1. To seek the views of Cabinet on the submission to the Government's Comprehensive Spending Review of:
 - (a) proposals for the creation of a Tees Valley Metropolitan Economic Partnership;
 - (b) a Business Case for the economic development of the Tees Valley City Region.
2. The report outlines work which has taken place following the preparation of the Tees Valley City Region Development Programme as part of the Northern Way Growth Strategy. The Programme was endorsed by Cabinet on 12 July 2005.

Information and Analysis

3. The current proposals contain four strands:
 - (a) a Business Case, which further develops the specific economic development plans in the Tees Valley City Region Development Programme;
 - (b) a new Partnership structure for dealing with strategic (City Region-wide) economic regeneration, transport and housing matters;
 - (c) an Investment Plan which would seek to programme major blocks of public sector spending required to achieve the proposals in the Business Case; and
 - (d) some specific transport schemes, which are the subject of a separate report on the Cabinet agenda.
4. This report looks at the first three strands in turn.

Tees Valley City Region: A Business Case for Delivery

5. The first version of the Tees Valley City Region Development Programme (CRDP) was prepared in May 2005 in response to The Northern Way Growth Strategy, which aimed to reduce the output gap between the North and the rest of the UK by accelerating economic growth through working on 10 investment priorities.
6. The CRDP built on the work of the Tees Valley Vision and included an economic analysis of the City Region, an assessment of the economic challenges and a programme of investment required. As part of The Northern Way, the CRDP is now being updated for submission to Government to include a 10 year investment strategy.
7. In May 2006, a visit by Ruth Kelly, the new Secretary of State for the Department for Communities and Local Government (DCLG) to the Tees Valley provided the opportunity to present the CRDP and the principal outcomes. As a result of this visit, the Tees Valley was asked to prepare a Business Case to complement the CRDP.
8. The Business Case was to draw on the analysis contained within the CRDP, but was to be aimed at addressing the following key questions:
 - (a) What are the main problems/opportunities?
 - (b) What are the strategies/solutions proposed?
 - (c) What can the Government do to help?

Based on the latter question in particular, it is clear that the Business Case will be an influential document in advance of the 2007 Comprehensive Spending Review (CSR2007).

9. The Tees Valley Business Case is being drafted and includes the following elements at present:
 - (a) main conclusions of the economic analysis;
 - (b) programme to improve the economic performance of the Tees Valley;
 - (c) proposed governance arrangements;
 - (d) what we are asking of Government.
10. The current draft of the 'Tees Valley City Region: A Business Case for Delivery' is **attached**. This is work in progress; in particular it is hoped that further editing will make clearer the thread of arguments through from the economic analysis to the proposals.

11. The proposals for Darlington in the Business Case build on the successful ‘Darlington Gateway’ strategy which is set out in the Darlington Economic Regeneration Strategy, and embedded in all other relevant local and regional strategies. They draw on emerging work, known as ‘Taking Forward the Darlington Gateway’, which was discussed at the Darlington Assembly in June this year. Consultants King Sturge, Regeneris, BDP and others were commissioned to:
 - (a) evaluate the economic impact of the Darlington Gateway programme, see what lessons can be learnt and improvements made;
 - (b) carry out a detailed economic sectoral analysis to ensure the evidence-based approach to intervention continues into future projects;
 - (c) review employment land requirements and the need for physical interventions;
 - (d) refresh the Darlington Gateway Strategy in the light of this up-to-date evidence
12. Emerging findings from this work suggest that the Darlington Gateway Strategy remains valid and can make a substantial economic contribution to the economy of the Tees Valley and North East England. The ‘Taking Forward the Darlington Gateway’ proposals are still being worked on by the consultants. Many of the proposals are likely to be non-physical economic regeneration work (such as skills, linking people to jobs or on economic clusters). The Tees Valley Business Case looks at these issues across the whole Tees Valley. Continuing and new physical development projects proposed for the next stage of the Darlington Gateway Strategy are likely to include:

Faverdale

13. Further development of land near to the A1(M) to capitalise on the opportunities to attract logistics development.

Lingfield Point and Adjoining Areas

14. A new masterplan is being prepared to capitalise on the new accessibility and profile being given to the area by the Darlington Eastern Transport Corridor, being built in 2006-2008.

Area of Opportunity – Linking the Mainline Station, Central Park and the Town Centre

15. The successful enhancement of Darlington Town Centre and development of Central Park will create a further opportunity in the area between the two. This will allow the momentum of growth which has been established through the Darlington Gateway to continue after current projects. A masterplan is currently being drawn up by BDP to:
 - (a) provide for a continuation of office development close to the station, after current projects, when demand requires it;
 - (b) link the rail station better into the town centre, making the most of a key asset;

- (c) guide private sector investment likely to be stimulated following Central Park and town centre developments, to create a vibrant mixed use area which adds to the quality of life attractions of the City Region at the main entry to the Tees Valley (1.7 million passengers per annum use Darlington station);
- (d) provide for creative and cultural opportunities, building on the activities of the Civic theatre and Forum music complex;
- (e) tackle physical barriers in the area and enhance the environmental contribution of the river.

Visitor Facilities

- 16. A 'Northern Cross' project could provide a major preview centre for North East England, as Rheged does in Cumbria.
- 17. Further development of the Railway Museum, housed in the oldest and perhaps the most important collection of railway buildings in the world, will link with other rail heritage developments in North East England and Yorkshire, to provide more of a critical mass for the regional 'Train Trail' and for the City Region.
- 18. These Darlington physical development proposals are summarised in section 4.2.3 of the Business Case document. Other issues important to Darlington are dealt with in the transport sections (in particular, the concerns about the single carriageway section of the A66), the tourism section and general sections on non-physical economic development.

Tees Valley Metropolitan Economic Partnership

- 19. At the time of local government reorganisation in 1996/97 the five Tees Valley Unitary Authorities set up the following sub-regional arrangements:
 - (a) The Tees Valley Joint Strategy Unit (JSU) to prepare the structure plan, a sub-regional economic development strategy, strategic transport planning, research and intelligence and the management of European programmes. The unit reports to the Tees Valley Joint Strategy Committee comprising councillors from the five authorities;
 - (b) The Tees Valley Development Company, a joint public/private sector partnership, to promote inward investment and tourism.
- 20. In 1999 there was a recognition that it was possible to develop a broader economic strategy for the Tees Valley and so a Tees Valley Partnership was set up, comprising the local authorities, Chamber of Commerce, Learning and Skills Council and Tees Valley Tomorrow, to develop and guide this work.

21. In 2002 there were two other changes:

- (a) The Tees Valley Partnership was transferred from local authority governance rules to One NorthEast governance rules to develop the Tees Valley Vision and to manage an annual programme of £24m/year delegated to it from ONE. Its membership was broadened and a separate secretariat created located in the Joint Strategy Unit with Stockton on Tees Borough Council acting as an accountable body.
- (b) The Tees Valley Urban Regeneration Company (TVR) was set up by English Partnerships, One NorthEast and the five authorities to be responsible for the development and implementation of five key regeneration projects – Central Park Darlington, Victoria Harbour Hartlepool, Middlehaven Middlesbrough, North Shore Stockton on Tees and the south side development at Durham Tees Valley Airport. The Tees Valley Development Company was disbanded and the local authorities transferred the inward investment function to Tees Valley Regeneration. TVR were also given responsibility for investigating the feasibility of a Tees Valley Light Rapid Transit system. TVR is a wholly owned public sector company limited by guarantee.

22. Subsequent to 2002 the following changes have occurred:

- (a) a review of the JSU in 2005 has transferred responsibility for joint waste management, sub regional housing strategy and public transport contracts to the JSU;
- (b) Tees Valley Living was created to develop a housing market renewal strategy and to make the case to Government for resources. DCLG announced an allocation of £18.5 million for 2006/8;
- (c) The Tees Valley Area Tourism Partnership was set up under ONE governance rules to promote and develop tourism in the Tees Valley.

The secretariat for Tees Valley Living, the Area Tourism Partnership and the Tees Valley Partnership are located in the Joint Strategy Unit but are not formally part of the JSU.

23. There is no doubt that the current structures have helped enormously to deliver for the Tees Valley:

- (a) a coherent economic development strategy for the Tees Valley (the Tees Valley Vision) taken forward by the Tees Valley City Region Development Programme;
- (b) a coherent integrated Tees Valley spatial planning, economic development, transport and housing strategy which showed itself to best effect in the Examination in Public for the NE Regional Spatial Strategy (RSS). These strategies are all embedded into the RSS, Regional Economic Strategy, the Regional Housing Strategy, the Regional Transport Strategy and the Regional Funding Allocation;
- (c) a £24 million programme which is truly strategic in delivering the key priorities;
- (d) good progress by TVR on the implementation of the major projects; and

- (e) success in gaining resources for housing market restructuring.
24. However there are a number of problems with the overall sub-regional governance structures which need resolution:
- (a) sub-regional arrangements operate under two governance structures – One NorthEast and local government joint arrangements;
 - (b) we could co-ordinate better transport delivery;
 - (c) within the regeneration and place agenda, which has to be integrated with local authority activity, the process for obtaining approvals for funding key projects has sometimes been lengthy;
 - (d) the board of the Tees Valley Partnership is too large and consequently loses its strategic focus;
 - (e) The Tees Valley is seeing a regionalisation process taking place: ONE is taking more power back to the centre, the LSC is now regional rather than Tees Valley wide, Business Link will be run on a regional contract and the formation of Regional Transport and Housing Boards are a further move in this direction. It is vitally important that the Tees Valley develops structures which enable it to properly influence these regional bodies to ensure that the needs and opportunities of the Tees Valley are properly taken into account.
25. In developing our proposals, the following principles have been followed:
- (a) we need to build on the success of the last ten years;
 - (b) we need to develop a structure which provides stronger leadership but also enables involvement and ownership of the public, private and voluntary sectors in the Tees Valley;
 - (c) the proposals must be fit for purpose/and achieve the twin objectives of delivering improved economic performance of the Tees Valley and influencing regional organisations/programmes;
 - (d) the principle of subsidiarity needs to guide the structures i.e. only functions appropriate to a city region/sub regional level should be included in the governance arrangements;
 - (e) the proposals should accord with forthcoming governance proposals for City Regions and the Lyons Review of local government.
26. The main proposal is the creation of a Tees Valley Metropolitan Economic Partnership.
27. The Tees Valley Metropolitan Economic Partnership Leadership Board will consist of about 10 members. Five of the members will be representatives of the five Tees Valley authorities. There would be five other members representing other sectors (such as CBI/Chamber of Commerce, leading employers in the Tees Valley, education/universities

and the voluntary sector). Board level representatives of regional agencies would not be formally members of the Board but would be invited to attend and actively contribute to discussions.

28. The functions of the Board will be:

- (a) make key strategic decisions relating to the economic performance of the City Region on the basis of analysis, discussion and consensus;
- (b) approve the development of spatial, economic development, transport and housing policies and programmes at the Tees Valley level;
- (c) ensure that the needs and opportunities of the Tees Valley are reflected in the policies and programmes of regional and national agencies;
- (d) monitor progress on city region programmes and the implementation of the metropolitan area agreement;
- (e) liaise with MPs on Tees Valley economic development issues.

29. The main Partnership Boards would be supported by new sub-boards for Planning and Economic Development and for Transport, and possibly for skills. The existing Tees Valley Area Tourism Partnership and Tees Valley Living Board would be integrated into this structure. The JSU would service and support the Partnership. Further details of the proposed governance arrangements are set out in section 5.3 of the attached Business Case.

30. The financial implications of the proposed partnership structure have yet to be determined, but it is suggested that the starting point would be that no additional Council resources would be involved above those already involved in Tees Valley joint arrangements.

Investment Plan

31. To supplement the Business Case, an Investment Plan is being prepared. This will show how certain central Government funding streams can be used in the next ten years to achieve the aims and proposals in the Business Case. It will essentially programme the funding requirements and help the Tees Valley input to regional and national funding programmes, such as the Regional Economic Strategy Action Plan and Regional Funding Allocation proposals for economic development and transport.

Outcome of Consultation

32. The Business Case builds on the City Regional Development Programme which was discussed with, and supported by, key stakeholders in the sub-region. The initial ideas behind the Business Case and governance arrangements were discussed with, and supported by, business sector and voluntary and community sector representatives in May. Further consultations are planned in September, including consideration by Darlington Partnership.

Legal Implications

33. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

34. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

35. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

Decision Deadline

36. Submissions to the Government's Comprehensive Spending Review need to be made by 29 September 2006.

Conclusion

37. Substantial progress has been made since the setting up of the Tees Valley Joint Strategy arrangements in 1996/7 and the Tees Valley Partnership in 1999. In particular, through the Tees Valley Vision and its successor documents a clear strategy for the economic regeneration of the Tees Valley has been agreed by the five local authorities and all relevant partners. Spending plans for sub-regional funding have been agreed to implement this strategy, and much investment has taken place with resultant improvements in economic conditions. More has been achieved by joint approaches across the City Region than could have been achieved by each Borough working independently.
38. The proposals set out in this report build on that success. They take the co-operative, strategic working in the Tees Valley on to another level. If agreed by Government and regional bodies they would be a further step forward in facilitating the improvement of economic conditions for Darlington and Tees Valley residents.
39. Endorsement is being sought for the submission from the five Tees Valley Boroughs to Government for the Comprehensive Spending Review of a Tees Valley City Region: Business Case for Delivery, based on the attached document, and proposals for a Tees Valley Metropolitan Economic Partnership, based on the outline in the attached document. Officers can develop a more detailed Tees Valley Investment Plan based on the Business Case document.

Recommendation

40. It is recommended that Members consider the report and attached document.

Reason

41. The recommendation is supported to make the most of funding and organisational opportunities to enhance the economic regeneration of Darlington and the Tees Valley.

Ada Burns
Chief Executive

John Buxton
Director of Development and Environment

Background Papers

- (i) Northern Way: Tees Valley City Region Development Programme, report to Cabinet, 12 July 2005
- (ii) Tees Valley City Region: A Business Case for Delivery, Tees Valley Joint Strategy Unit.

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