
TEES VALLEY REGENERATION SUCCESSION ARRANGEMENTS

Responsible Cabinet Member - Councillor John Williams, Economy Portfolio

Responsible Director - Richard Alty, Assistant Chief Executive (Regeneration)

SUMMARY REPORT

Purpose of the Report

1. Tees Valley Regeneration (TVR) is to be wound up as a company by the end of March 2010. This report seeks agreement to new arrangements for taking forward the work currently undertaken by TVR and for the costs involved.

Summary

2. TVR was set up as a limited life company to achieve certain objectives. The TVR shareholders (One NorthEast, the Homes and Communities Agency and the five Tees Valley Boroughs) have indicated that TVR has been successful in working towards its objectives and that now is an appropriate time to integrate the work of TVR more closely with the wider work of Tees Valley Unlimited, which has evolved since TVR was formed. The objectives of this review are to improve both effectiveness and efficiency: to improve the delivery of regeneration in the Tees Valley, by better integration of all regeneration-related work through Tees Valley Unlimited; to accelerate and improve the quality of the delivery of physical regeneration schemes across Tees Valley; to save costs.
3. It is proposed to move the TVR Business Investment and Marketing Team into the Tees Valley Unlimited arrangements, employed by Stockton-on-Tees Borough Council on behalf of the five Boroughs. Detailed arrangements for the integration of this team with other joint Tees Valley teams would be brought forward subsequently as part of a more general review of joint arrangements.
4. It is proposed to create a new Tees Valley Unlimited Delivery Team, to take forward not just the existing TVR regeneration projects but also to drive forward, and further raise the standard of, major complex physical regeneration projects more generally across the Tees Valley. The Delivery Team would be employed by Stockton-on-Tees Borough Council on behalf of the five Boroughs, One NorthEast and the Homes and Communities Agency.
5. The costs of winding up TVR and of the new arrangements can be met within the current funding envelope for TVR, with costs reduced from 2010/11 as a result of the efficiencies of integrating TVR work with other work and of efficiencies in costs currently incurred by TVR.

Recommendation

6. It is recommended that :-
 - (a) The arrangements for winding up Tees Valley Regeneration and for successor arrangements for its functions as set out in this report be agreed; and
 - (b) Funding for these arrangements as set out in this report be agreed as maximum annual funding for the three years 2010/11 to 2012/13.

Reasons

7. The recommendations are supported by the following reasons :-
 - (a) To create more effective arrangements for driving forward the delivery of complex physical regeneration projects and business investment in the Tees Valley, to boost the sustainable development of the City Region in line with the Tees Valley Multi-Area Agreement and with the five Sustainable Community Strategies;
 - (b) To reflect the new arrangements previously agreed for Tees Valley Unlimited;
 - (c) To create efficiencies, greater clarity and improved accountability by bringing functions together under Tees Valley Unlimited.

**Richard Alty,
Assistant Chief Executive (Regeneration)**

Background Papers

Reports to Cabinet:

- (a) March 2009, Pre-Budget Report: Devolving Responsibilities to City Regions
- (b) June 2008, Tees Valley Multi-Area Agreement

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|----------------------------------|--|
| S17 Crime and Disorder | The report has no implications for crime and disorder. |
| Health and Well Being | The report has no implications for health and well being. |
| Sustainability | The proposals are intended better to promote economic, social and environmental sustainability through more effective working. |
| Diversity | The report has no implications for diversity. |
| Wards Affected | All |
| Groups Affected | All |
| Budget and Policy Framework | The report has no implications for the budget or policy framework. |
| Key Decision | No |
| Urgent Decision | No |
| One Darlington: Perfectly Placed | The proposals help to take forward major projects which will contribute to the Perfectly Placed priority of the Prosperous Theme work strands. |
| Efficiency | The proposals produce savings compared with the current arrangements. |

MAIN REPORT

Information and Analysis

Background

8. TVR was set up as a limited-life company in 2002, to carry out specific tasks. Its main role initially was to progress major regeneration projects: Central Park, Darlington, North Shore, Stockton, Middlehaven, Middlesbrough, Victoria Harbour, Hartlepool, development around Durham Tees Valley Airport, and the Tees Valley Metro. After its establishment, the Tees Valley Inward Investment Team was transferred to be part of TVR.
9. The shareholders in TVR are the five Tees Valley Borough Councils, the Homes and Communities Agency (HCA) (formerly English Partnerships) and One NorthEast (ONE).
10. TVR has made good progress in teeing up the major regeneration projects for which it is responsible. The shareholders feel that now is therefore an appropriate time to look at future arrangement for handling complex physical regeneration projects in the Tees Valley which can not only take forward the current TVR projects but also have a broader influence in driving forward and raising the standard of regeneration schemes throughout the Tees Valley.
11. Furthermore, the other Tees Valley joint arrangements have progressed substantially since TVR was set up. With the establishment of Tees Valley Unlimited (TVU) and the Multi Area Agreement, there are new arrangements for establishing future programmes of projects and funding. It will be more effective if all the Tees Valley joint arrangements can be brought together to work collaboratively on driving forward programmes agreed between the Borough Councils, ONE and HCA.
12. Officers from the Borough Councils, ONE, HCA, TVR and the Tees Valley Joint Strategy Unit have agreed in principle proposals for taking forward the activities for which TVR are currently responsible. These proposals integrate those activities more closely into other TVU work and aim to create more efficient and effective ways of working. The proposals were agreed by the Tees Valley Unlimited Leadership Board on 9 September, subject to funding.

Objectives

13. The objectives of succession arrangements are to improve both effectiveness and efficiency of regeneration and economic development in the Tees Valley:
 - (a) To build on the principles of the Tees Valley Multi-Area Agreement and the City Region Forerunner bid;
 - (b) To integrate the work currently being carried out by TVR more closely into other regeneration and economic development work being carried out across Tees Valley Unlimited and through the borough councils, thereby to create greater added value from the arrangements;

- (c) To build on the successes of TVR, including retaining and building on the strong ethos of good relationships with and understanding of private sector companies and developers;
- (d) To create leading edge expertise on complex physical regeneration projects available to a wider range of projects across the Tees Valley, and to share expertise and experience across projects;
- (e) To accelerate the delivery, and enhance the quality, of physical regeneration schemes across the Tees Valley;
- (f) To improve clarity and accountability to the funders for the delivery of projects;
- (g) To save costs.

Proposed New Arrangements

14. In March 2009 Cabinet agreed proposals for future governance of regeneration funding and projects in the Tees Valley, through Tees Valley Unlimited. These involved:
 - (a) a joint board between the City Region, the Homes and Communities Agency and the Regional Development Agency (One NorthEast) to provide strategic direction of housing, economic development and regeneration spending; and
 - (b) joint investment planning with key partners, including greater flexibility over capital funding to support the more effective programme management of projects. TVU would initially wish to pursue a single capital programme (the Tees Valley Investment Plan) with a long term funding commitment (on the 3+2 years principle) and in the medium term real delegation of funding (i.e. local approval of projects within the investment plan, subject national government financial limits).
15. The proposal was based on the principle that it is to achieve the devolution of functions, powers and funding down from central government to the Tees Valley level and not the passing up of functions, powers and funding from the Borough Councils.
16. These arrangements stem from the Multi-Area Agreement between the five Tees Valley Local Authorities and Government, agreed by Cabinet (and by Government) in June 2008.
17. Following these agreements, the five Borough Councils, HCA and ONE have set up a Tees Valley Unlimited Programme Group to carry out the functions set out in paragraph 13(a) above. ONE has delegated certain regeneration funding decisions (within financial limits) to the Programme Group and HCA will align its funding decisions through its 'Single Conversation' and the establishment of a Local Investment Plan. Existing Tees Valley Joint Strategy Unit staff are responsible to the Group for the preparation and management of the Tees Valley Investment Plan.

18. TVR currently has two functions:

- (a) A Regeneration Team responsible for progressing the limited number of major regeneration schemes set out in paragraph 7 above.
- (b) A Business Investment and Marketing Team responsible for handling inward investment enquiries to the Tees Valley, for liaising on behalf of partners with business at a City Region scale and for marketing the Tees Valley to business and investors.

The report now looks at proposals for each of these.

Delivery Team

- 19. The proposal is to replace the existing TVR Regeneration function with a TVU Delivery Team which has broader responsibilities for Tees Valley complex physical regeneration projects in future: i.e. major complex physical regeneration projects funded by ONE, HCA, local authorities and DfT through the proposed integrated TVU Investment Plan. 'Complex regeneration projects' should be read as including physical regeneration projects, whether they are for economic, housing or transport objectives.
- 20. A Director of Delivery would manage a small specialist team providing high level skills necessary for complex physical regeneration projects which cannot be provided in individual local authorities, to drive forward the implementation of the projects within the Investment Plan. The Team would lead directly some projects and would provide specialist advice on others.
- 21. The Director of Delivery would act as Project Sponsor for major complex physical regeneration projects involving HCA or ONE (or local authority) funding; in other words the Director of Delivery would be directly accountable to the TVU Programme Group for the delivery of such projects. In addition, the Director of Delivery would be directly accountable to ONE, HCA or a local authority where she/he is acting as Project Sponsor on projects that affect the Agencies' or local authority's land and property interests and where the Project Sponsor's actions might generally raise material legal issues for the two Agencies or the local authority. In particular, the Director of Delivery would have responsibility for ensuring that the quality and delivery of objectives expected in return for ONE/HCA funding are achieved. Some projects would be managed by the Delivery Team directly; for others, the Delivery Team will offer its specialist expertise as advice to assist projects managed by local authorities, the HCA and/or ONE.
- 22. The Director of Delivery would monitor progress of each project and provide project level performance information to the TVU Programme Team. The Delivery Team would also contribute to the development of project proposals to feed into the programme.
- 23. The Programme Group will agree (through a Project Initiation Document) the project management arrangements, staff time allocation and accountabilities, milestones, outputs and responsibilities for each project. Each project will continue to have its own project board, as at present, responsible for directing the project, involving the relevant local authority(ies) and the funding partner(s). Formal decisions which are the responsibility of local authorities will continue to be taken by local authorities through normal processes.

24. A project executive will manage each project, and will be accountable to the Project Sponsor (i.e. the Director of Delivery where the specialist team are involved). The location of the project executive will be determined by the TVU Programme Group through a Project Initiation Document. The project executive will be expected to work in accordance with arrangements and milestones agreed with the Director of Delivery and the TVU Programme Group (and with ONE, HCA or the local authorities where the work relates to their assets, funding or powers). The project executive needs to be able to manage the whole project team; in other words the project executive will have agreed access to specialists in the central Delivery Team and also agreed access to the range of local authority staff required in projects. Project executives will effectively have a dual role of being part of the central TVU team, accountable to the Director of Delivery, but also being able to operate within the relevant local authority structures ensuring, through the local authority management, that the wider local authority skills, knowledge, responsibilities and approvals are engaged for the benefit of the project. (This would be similar to a matrix management approach already common for local authority project management.) Having a single project executive organising both local authority input and the Delivery Team input will remove some of the duplication and lack of clarity that currently exists with TVR projects. It will also improve the effectiveness of projects through giving direct access to the wider range of work going on in local authorities (such as targeted training and recruitment, capital project management, BSF, community engagement, etc.). The location and precise management arrangements for each project executive will be determined on a project-by-project basis according to the needs of each project.
25. The TVU Delivery Team would be employed by Stockton Borough Council (as the accountable body) on behalf of the five Borough Councils, HCA and ONE.
26. The Delivery Team would be expected to appoint people with leading edge skills. The skills required would be defined by the needs of the projects, but are likely to include:
 - (a) Strong understanding of private sector commercial development needs
 - (b) Development appraisal expertise
 - (c) Understanding of development funding and innovative funding approaches
 - (d) Project management
 - (e) Leading edge urban design and sustainability expertise
 - (f) Compulsory purchase
 - (g) Aim to reduce the need for use of consultants (and so save money); but the team needs to be able to act as an 'intelligent client' commissioning high quality advice where needed
 - (h) Understanding of business case development for funding
27. The proposals have the following benefits:
 - (a) They give clearer accountability. The Director of Delivery will be directly accountable to the major funding partners in the TVU Programme Group. The project executive for each project is accountable to the Director of Delivery; in turn the project executive controls the whole of the wider team involved in the project.

- (b) They retained the strengths of TVR, including the strong understanding of private sector needs and focus on delivery.
- (c) They allow the employment within the central Delivery Team of people with specialist skills who can raise the game of regeneration within the Tees Valley (whereas at the moment TVR employs mainly generic project directors/managers).
- (d) They enable these specialist skills to be available to advise a much wider range of projects, again raising the quality of regeneration across the Tees Valley.
- (e) They recognise that the project teams working on complex regeneration projects are much broader than the central team: they give the Director of Delivery and project executives clearer and direct access to the wide range of LA and other staff involved. This cuts out duplication and creates efficiencies. It also improves the effectiveness by embedding the project executives more in the much broader range of related activity in LAs. This will avoid any isolation which could be the case for TVR.
- (f) By bringing all Tees Valley staff under the umbrella of TVU, the proposals create efficiencies, for example by putting all programme control in one team.

28. Specific arrangements for existing TVR projects are set out in **Appendix 1**.

Business Team

- 29. TVR's Business Investment and Marketing Team would transfer into TVU, and would be employed by Stockton Borough Council (as the accountable body) on behalf of the five Borough Councils.
- 30. A wider review of the Tees Valley joint arrangements will look at the synergies and efficiencies that can be obtained by integrating the work of the team more closely with other functions. By bringing all Tees Valley staff under the umbrella of TVU, the proposals improve effectiveness and create efficiencies, for example by sharing marketing skill/strategies or business/economic intelligence across TVU teams.

Current Funding of TVR

- 31. The TVR Regeneration function is funded by ONE, HCA and the local authorities, as set out in the following table. The local authorities' share is split equally between four, excluding Redcar and Cleveland.

TVR - Funding for Regeneration Running Costs 2009-10

| Funding Source | £000 | £000 | Notes |
|--|------|--------------|-------|
| Core Funding:- | | | |
| - ONE NorthEast | | 450 | |
| - Homes and Communities Agency | | 450 | |
| - Local Authorities:- | | | |
| - Darlington | 100 | | |
| - Hartlepool | 100 | | |
| - Middlesbrough | 100 | | |
| - Redcar and Cleveland | 0 | | |
| - Stockton-on-Tees | 100 | | |
| Total Local Authorities | | 400 | |
| Total Core Funding | | 1,300 | |
| | | | |
| Homes and Communities Agency - Hot Desks | | 15 | 1 |
| | | | |
| Total | | 1,315 | |

Note 1: Service Level Agreement in place for HCA to pay for 2 hot desks in Cavendish House.

32. The Business Investment function is funded by the five local authorities, with contributions in proportion to population. ONE funds specific posts and marketing campaigns, with time-limited project funding. This is set out in the following table;

TVR - Funding for Business Investment Team Running Costs 2009-10

| Funding Source | £000 | £000 | Notes |
|--|------|------------|-------|
| Core Funding from local authorities:- | | | 1 |
| - Darlington | 76 | | |
| - Hartlepool | 69 | | |
| - Middlesbrough | 103 | | |
| - Redcar and Cleveland | 107 | | |
| - Stockton-on-Tees | 146 | | |
| Total Core Funding | | 501 | |
| | | | |
| ONE Single Programme (Marketing Campaigns) | | 150 | |
| ONE (Strategic Account Management posts) | | 69 | 2 |
| Total | | 720 | |

Note 1: Contributions made in proportion to population.

Note 2: Funding for the Strategic Account Management programme is available until 2010-11.

Costs of Winding Up TVR and Transferring Functions

33. There are some one-off and residual costs associated with winding up TVR and transferring the functions to TVU, estimated as follows;

| Estimated residual costs | £000 |
|--|-------------|
| Staff redundancy/retention payments | 51 |
| Audit fees; company winding-up fees, staff costs to deal with year-end 2009-10 | 60 |
| Staff performance bonus earned in 2009-10 and payable in 2010-11 | 59 |
| Total | 170 |

34. Provision for these estimated costs of £170,000 will be made in the final year accounts for TVR for 2009-10. Allowing for these costs and anticipated budget savings within TVR during 2009-10, the latest estimates of cash reserves remaining at 31st March 2010 are;

| Estimated cash reserves at 31 March 2010 | £000 |
|---|-------------|
| Regeneration | 114 |
| Business Investment | 4 |
| Total | 118 |

This provides an element of financial contingency for the revised arrangements.

35. One outstanding issue relates to the residual liability relating to TVR staff pensions. Although no new members of staff in TVR have been permitted to join the final salary Local Government Pension Scheme (LGPS) since October 2007, it is likely there will be a residual liability for deferred pensioners as at 31st March 2010. However, it is anticipated that within the next few months some of the staff who have recently left TVR will be seeking to transfer their LGPS service to the pension scheme of their new employer. This will significantly reduce the value of the residual liability.
36. As the employing authority Stockton will be responsible for the employers pension contributions for employees transferred from TVR. To ensure that Stockton is not disadvantaged by the transfer it may be necessary to make a one-off contribution to the Teesside Pension Fund from the residual balances held by TVR at 31st March 2010. Advice is being taken from the administrators and actuaries of the Teesside Pension Fund on how to assess the pension liability that may remain with TVR at 31st March 2010.

Accommodation Issues

37. TVR staff are currently based in Cavendish House, Stockton and existing staff from TVU are based in Melrose House, Middlesbrough. A decision must be made on the future location for all TVU staff from 1st April 2010.
- (a) Options have been identified as;
 - (i) All staff in Cavendish House
 - (ii) All staff in Melrose House
 - (iii) Staff split between Cavendish House and Melrose House
 - (iv) All staff in an alternative site
 - (b) Relevant factors in reviewing options include;
 - (i) Costs
 - a) Ongoing - rent, rates, service charge
 - b) One-off - re-location
 - (ii) Fit for purpose
 - (iii) Need for all TVU staff to be located together
 - (iv) Location
 - (v) Capacity
38. However, at this point in time, there are two significant factors that make it difficult to make an appropriate long term decision on accommodation;
- (a) The lease for Cavendish House has no break clause until 31 August 2013. This means there is a liability to continue paying for the accommodation until that date.
 - (b) Until a wider review of Tees Valley joint arrangements is completed, the total number of staff within TVU will not be known and therefore accommodation capacity requirements are unknown.
39. TVR's annual cost for rent, rates and service charge at Cavendish House is £134,000, which will be the annual liability from 1 April 2010 to 31 August 2013. Options to sub-let the premises are limited in the current economic climate, compounded by the fact that the second floor of Cavendish House has already been available to let for some time, with no success.
40. TVR's lease is with ONE, who have identical lease terms with the landlord for ONE's share of the third floor of Cavendish House. (ONE is also currently reviewing its own accommodation options). In the absence of complete information on accommodation capacity requirements for TVU, it is considered premature to begin negotiations with the landlord about lease options.
41. In these circumstances, it is considered appropriate to recommend that in the short term, staff transferring to TVU continue to be accommodated in their existing offices, with a view to undertaking a full accommodation options appraisal when information on TVU staffing levels are confirmed.

Future Costs of the New Arrangements

42. It is proposed that the core revenue costs of the new Delivery Team be funded in a similar way as the existing TVR Regeneration Team, i.e. a third by ONE, a third by HCA and a third by the local authorities, with the local authorities' share split between the five [either equally or by population]. The core costs relate to the Director of Delivery, specialist staff who are not project-specific and administrative support.
43. The aim is eventually to see project-specific staff (project executives) funded through the project's capital funding. Sufficient capital funding is not currently available, and the core costs therefore include for the fte equivalent of two project executives to be funded for two years through the joint revenue funding.
44. The estimated future revenue costs and funding for the new TVU Delivery Team are as shown in the following table;

Delivery Team – Estimated Expenditure

| Expenditure | 2010-11 |
|--------------------------|----------------|
| | £000 |
| Employees - | |
| - Pay | 804 |
| - Other | 61 |
| Premises | 93 |
| Supplies & Services | 82 |
| Total Expenditure | 1,040 |

Delivery Team – Funding

| Funding source | Proposed 2010-11 | Current 2009-10 | Difference |
|---|-------------------------|------------------------|-------------------|
| | £000 | £000 | £000 |
| ONE | 342 | 450 | (108) |
| HCA | 342 | 450 | (108) |
| Local Authorities | 342 | 400 | (58) |
| HCA - Hot Desks in Cavendish House | 15 | 15 | 0 |
| Total Funding | 1,041 | 1,315 | (274) |
| Local authority funding shares:- | | | |
| 5 authorities, equal shares | | | |
| Darlington | 68.4 | 100 | (31.6) |
| Hartlepool | 68.4 | 100 | (31.6) |
| Middlesbrough | 68.4 | 100 | (31.6) |
| Redcar & Cleveland | 68.4 | 0 | 68.4 |
| Stockton | 68.4 | 100 | (31.6) |
| | 342 | 400 | (58) |

45. The historical reasons for the local authority funding being shared by only 4 of the authorities are believed not to be relevant to future arrangements. The Delivery Team will take responsibility for a wider range of projects than the TVR projects, and these would include projects within Redcar & Cleveland.
46. It is proposed that the TVU Business Team is funded in the same way as the current TVR Business Investment and Marketing Team, i.e. by the five local authorities, with contributions in proportion to population (with ONE funding specific posts and marketing campaigns with the time-limited project funding already agreed). Efficiencies from integrating this team with other TVU functions are expected to be realised through the wider review of Tees Valley joint arrangements currently being carried out.
47. The proposed future revenue costs and funding for the new TVU Business Team are as shown in the following table;

Business Investment Team – Estimated Expenditure

| Expenditure | Estimate 2010-11 |
|---------------------------------|-----------------------------|
| | £000 |
| Employees - | |
| - Pay | 382 |
| - Other | 33 |
| Premises / Supplies | 92 |
| Marketing Campaigns | 135 |
| Bus. Plan Assistance/Operations | 105 |
| Total Expenditure | 747 |

Business Investment Team – Funding

| Funding | Proposed 2010-11 | Current 2009-10 | Difference |
|---|-----------------------------|----------------------------|-------------------|
| Local Authorities | 528 | 501 | 27 |
| Single Programme | 150 | 150 | 0 |
| One NorthEast (Strategic Acc. Man. posts) | 69 | 69 | 0 |
| Total Funding | 747 | 720 | 27 |

48. The estimated cost of the Business Investment Team is based on no change to the current structure. The £27,000 increase in estimated funding required is due entirely to a revised apportionment of premises and supplies costs, which more accurately reflects the future staffing levels of the two teams for Delivery and Business Investment. An equivalent reduction in costs and funding is incorporated in the expenditure shown for the Delivery Team.

49. There are a number of factors to note in the preparation of these estimates of future costs;
- (a) Staff costs are based on current best estimates of pay levels. Actual costs may be different following the outcome of the staff TUPE and job evaluation processes.
 - (b) Premises costs assume continued occupation of Cavendish House.
 - (c) Future opportunities to fund project-specific posts from capital may reduce future revenue costs and funding requirements.
 - (d) Not all posts in the new structure may be recruited immediately. The particular skills and capacity required in posts within the Team will be agreed once it has been determined which projects in the Investment Programme will be handled directly through, or with advice from, the Delivery Team.
 - (e) The Delivery Team costs exclude Project Support posts that would transfer from the JSU.
 - (f) Pay and prices are at 2009-10 levels.
50. In summary, the costs of winding up TVR and of the new arrangements can be met within the current funding envelope for TVR, with costs reduced in 2010-11 as a result of the efficiencies of integrating TVR work with other work and of efficiencies in costs currently incurred by TVR. It is expected that further efficiencies can be achieved through a wider review of TVU functions to integrate work across TVU more closely.
51. This wider review will take into account risks of reduced funding for city region regeneration work in future Comprehensive Spending Reviews. However, these proposals contribute to mitigation of any such risks by replacing the TVR Development Team with a new TVU Delivery Team with a wider remit but with at least 21% less cost.
52. A three-year funding commitment, for the period 2010/11 to 2012/13, is being sought based on the figures in the above tables being a maximum requirement (subject to inflation) which it is hoped can be further reduced, for the reasons set out above. Darlington's contribution to the proposed arrangements would be £149,000 per annum, compared with the current contribution of £176,000 per annum. The £27,000 reduction is in line with the saving projected in the 2009/13 Medium Term Financial Plan.

Legal Implications

53. The winding up of TVR, and the transition to the new arrangements being established for taking TVR's work forward, give rise to a range of potential legal, governance and information management implications for the successor organisations.
54. The winding up process itself is being managed by external lawyers (Dickinson Dees) instructed by TVR.

55. A legal sub-group has been established comprising officers from each of the Tees Valley Local Authorities. The sub-group is overseeing audits of TVR regarding information and records and legal issues, rights and liabilities. In addition assessments are being made of the legal documentation relating to the projects (other than Metro) specified at Appendix 1 to this report. To date no issues of concern have arisen. Any project management implications for existing TVR projects are being discussed with the relevant local authority Regeneration Teams and will drawn to the attention of TVR and the appropriate Project Boards.
56. This work is ongoing and designed to highlight any potential responsibilities, liabilities or other implications for the relevant local authorities and for the projects themselves.
57. The legal sub-group is also working closely with the other sub-groups which have been established to consider employee matters and accommodation/property issues. As a result of legal advice received, it has been confirmed that TUPE will apply to the transfer and transition process.

Risks

58. A risk register has been maintained throughout the review process and the proposals in the report seek to take this into account where practicable. For example risks associated with any TVR pension liabilities are covered in paragraph 35 of the report. The proposed accommodation strategy in paragraph 40 reflects the current property commitments and current understanding of accommodation capacity requirements. Overall the proposals produce increased efficiency and effectiveness and reduced costs to the partners as set out in paragraph 43 and 50. The efficiencies from the proposed delivery team arrangements help to mitigate the risk of potential national changes in funding priorities. In addition it is expected that further efficiencies can be achieved through a wider review of TVU functions to integrate work across TVU and these will take into account risks of reduced funding for city region regeneration work in future Comprehensive Spending Reviews (paragraph 50). The proposals seek commitments for a period of three years which reflects the periods of key property lease commitments and the horizons of the strategic budgeting processes of partners and provides reasonable working certainty (see paragraph 51).

Outcome of Consultations

59. This report has been prepared collaboratively with all the relevant stakeholders and the same recommendations are being put to the relevant meetings of the five Tees Valley Borough Councils, ONE and HCA.

PROJECT MANAGEMENT ARRANGEMENTS PROPOSED FOR THE EXISTING TVR PROJECTS

Central Park:

- Further work is required for the next stage, to progress the new economic appraisal, oversee the applications for further funding, oversee any re-negotiation of the development content with the development consortium, oversee compulsory purchase work, project manage the spending of new public sector capital and continuing Central Park capital projects, to develop the implementation strategy and attract occupiers, and to deliver the scheme in line with the development agreement.
- A project executive would be employed by the central Delivery Team and accountable to the Director of Delivery, but sit for part of the time with Darlington Borough Council's offices and integrate with the Council's structures, as described in the paper.

North Shore:

- Further work is required to deliver the first phase of development, continue to examine funding streams available and the appraisal assessment, negotiate the planning through the first phase and deliver future phase strategies, in particular focusing on the delivery of the University development.
- A project executive would be employed by the central Delivery Team and accountable to the Director of Delivery, but sit for part of the time with Stockton Borough Council's offices and integrate with the Council's structures, as described in the paper.

Durham Tees Valley Airport:

- Further work on this is likely to be limited to capital works for the South-side Development, dependent on decisions by Peel.
- This work can be picked up by one of the other project executives (probably the North Shore project executive, since capital works would be in Stockton) under the guidance of the central team.

Middlehaven:

- Further work is required to focus on progressing the "greater Middlehaven" area as part of (or managing) a team of staff within Middlesbrough Borough Council working on this area. Implement the first phase with the development of the College, Terrace Hill and Bioregional Quintain, both design and approval process, select developers for the second phase and the Clock Tower reappraisal, the second phase in line with the integration of St. Hilda's and deliver a revised strategy. Liaise with the developers/occupiers revising the development agreement to implement development and oversee the CPO.
- A project executive would be employed by the central Delivery Team and accountable to the Director of Delivery, but sit for part of the time with Middleborough Borough Council's offices and integrate with the Council's structures, as described in the paper.

Victoria Harbour:

- Dependent on current discussions, this is likely to require further project management. A substantial amount of work is still necessary to bring forward the planning and first phase

implementation and delivery of major regeneration in central Hartlepool building upon the extensive work already undertaken by TVR, HBC and partners

- The detailed arrangements for the location and employment of a project executive depends on the outcome of current discussions and would be determined by the Programme Group through a Project Initiation Document. A project executive would be employed by the central Delivery Team and accountable to the Director of Delivery, but sit for part of the time with Hartlepool Borough Council's officers and integrate with the Council's structures as described in the paper.

Metro:

- This project has already been taken on by the local authorities through the Joint Strategy Unit.