

### TEES VALLEY GROWTH DEAL

The Tees Valley Growth Deal will boost the economic growth of Tees Valley with investments in key transport, infrastructure, skills, innovation and business support projects that will support the further success of priority sectors: advanced manufacturing, low carbon, oil and gas, digital and logistics.

The Growth Deal, subject to a satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on three key priority areas as identified in the LEP's Strategic Economic Plan:

- Driving skills and innovation
- Building more effective transport and infrastructure
- Creating the environment for business growth

The Tees Valley LEP has secured **£90.3m from the Government's Local Growth Fund to support economic growth in the area – with £14.1m of new funding confirmed for 2015/16 and £21.2m for 2016/17 to 2021**. This includes:

- as part of the Government's ongoing commitment to the Tees Valley LEP a provisional award of a further £36.7m of funding for projects starting in 2016 and beyond; and
- £18.3m of funding which the Government has previously committed as part of Local Growth Deal funding to the area.

This substantial investment from Government will **bring forward at least £100m of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £190.3m for the Tees Valley LEP area.** By 2021, this Deal will create at least 1,000 jobs and allow 1,500 homes to be built.

The Tees Valley Local Enterprise Partnership brings together the five local authority areas of Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland and Stockton. The LEP is a public/private partnership underpinned by a legal agreement to work together to deliver economic growth.

#### Summary of Tees Valley LEP Growth Deal projects and funding

The Tees Valley LEP Growth Deal brings together different funding streams designed to support local growth with a share of the new Local Growth Fund.

<b>Tees Valley LEP Local Growth Fund breakdown (£m)</b>			
	<b>2015/6</b>	<b>2016 onwards</b>	<b>Total</b>
<b>Local Growth Fund award</b>	14.1	21.2	35.3
<b>Previously committed funding</b>	8.8	9.5	18.3
<b>Provisional allocation to projects starting in 2016/17 and beyond</b>	-	36.7	36.7
<b>Total</b>	22.9	67.4	90.3

These totals exclude match funding for European Social Fund (ESF) skills activities. The total amount of ESF skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills ESF match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

**The Tees Valley LEP and Central Government have agreed to co-invest in the following jointly-agreed priorities:**

- **Central Park** - enabling infrastructure works on the Enterprise Zone site.
- **Bank Top station**- a study into remodelling the station in Darlington to support better connectivity, improved journey times and the commercial development of the station.
- **A689 Wynyard road improvements**- signalisation and road widening to complement the Highways Agency Pinch Point scheme on the A19 junction.
- **Materials Processing Institute** – creation of an open access technology centre.
- **Teesside Advanced Manufacturing Park (TAMP) Offshore Wind Validation Centre** – to provide research and validation services for offshore wind tower manufacturers as well as for the oil and gas and sub-sea sectors.
- **Cleveland College of Art and Design** – upgrading existing facilities including construction of a new building for creative industries.
- **Redcar and Cleveland College** – to provide specialist accommodation for an Oil and Gas Academy and provide specialist teaching and support accommodation for a number of skills initiatives.
- **Tees Valley Business Growth Hub** – the capital funding element of a programme to provide a range of coordinated funding and advice services to business.
- **Durham Tees Valley Airport** – new road to open up access to the south side of the airport for aviation-related activities.
- **Ingleby Way / Myton Way** – road and junction improvements at Ingleby Barwick to support new housing.

**The Tees Valley LEP and Central Government agree the following provisional allocations to projects starting in 2016/17:**

- A66 / Teesside Park Interchange;
- Central Park Bio-therapeutics;
- Central Park National Horizons Centre; and
- Sustainable Transport – Access to Employment.

**Local flexibility over Growth Deal programme:** Tees Valley Unlimited has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the LEP annually in advance. The Tees Valley LEP will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be discussed with the Government in advance.

The Growth Deal does not amount to an endorsement of everything in the submitted SEP. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

## The Tees Valley Growth Deal

The investment secured by the deal will be focused on three key areas to deliver transformative growth:

### **Driving skills and innovation**

The Deal includes a joint investment of £17m in two key skills projects. Firstly, the Deal will invest in the creation of a brand new building at Cleveland College of Art and Design in Hartlepool, the only specialist provider of Higher Education in the creative industries in the North East. The project will complement Hartlepool's plans to create a vibrant Innovation and Skills quarter in the town centre. The second project is the provision of specialist accommodation for an Oil and Gas Academy at Redcar and Cleveland College. Oil and Gas is a key growth sector for Tees Valley. The Deal also includes joint investment of £12m in the Materials Processing Institute that will provide access to laboratory, pilot and demonstration spaces for companies to test new products.

Local Enterprise Partnerships are well-positioned to enhance the current Careers Information, Advice and Guidance offer by influencing the shape of provision so that it meets the needs of the local economy. Moreover, they have the ability to link employers with education providers can have strategic influence over skills supply and have the ability to coordinate local services towards a shared goal.

Improving skills levels is a key factor in stimulating local growth and taking advantage of new economic opportunities. Government is committed to ensuring that adult skills provision is increasingly responsive to the needs of business and supports local economic growth and jobs.

<b>Tees Valley LEP commitments</b>	<b>Central Government commitments</b>
<ul style="list-style-type: none"> <li>• Secure £1m of local private sector investment in Cleveland College of Art and Design.</li> <li>• Invest £5.2m of local private sector investment in Redcar and Cleveland College Oil and Gas Academy.</li> <li>• Invest £9m of local private sector resources in the Materials Processing Institute, to provide access to laboratory, pilot and demonstration spaces for companies.</li> <li>• Facilitate stronger links between education providers and local businesses. Work with relevant local stakeholders to communicate priorities and align the offer to the National Careers Service (NCS) providers ahead of the new service's roll-out in October 2014 in order to augment the service.</li> <li>• The LEP will consider skills implications as part of decisions taking on growth strategies.</li> <li>• The LEP will clearly articulate and evidence skills priorities in the light of strategic national and local growth opportunities and communicate them to the Further Education and skills sector.</li> <li>• The LEP will positively engage the Further Education and skills sector in key strategic partnerships e.g. Skills and Employment Boards.</li> <li>• The LEP will recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £8.3m in Cleveland College of Art and Design in Hartlepool with £2.5m in 2015/16.</li> <li>• Invest £2.4m in Redcar and Cleveland College with £1.7m in 2015/16.</li> <li>• Invest £3m in the Materials Processing Institute, to follow on from previous commitments by the Department for Business, Innovation and Skills, with £1.5m in 2015/16.</li> <li>• Invest £3m in the Teesside Advanced Manufacturing Park (TAMP) Offshore Wind Validation Centre, with £1m in 2015/16.</li> <li>• Commit to working with Tees Valley LEP to help ensure that local employer priorities are fed into the operation of the new National Careers Service providers in the region.</li> <li>• Government, through the Skills Funding Agency, will support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach:               <ul style="list-style-type: none"> <li>○ Procurement of new provision: LEPs will be involved throughout the process and providers' track records against LEP requirements will be considered as part of this assessment.</li> <li>○ Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively</li> </ul> </li> </ul>

<p>that investment.</p> <ul style="list-style-type: none"> <li>The Government expects Tees Valley LEP to open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value.</li> </ul>	<p>held to account for being responsive to local economic priorities. The Skills Funding Agency is trialling Skills Incentives Pilots from 2014/15 in Stoke and Staffordshire, the North East and West of England, designed to explore the mechanisms through which providers will account to LEPs for delivery.</p> <ul style="list-style-type: none"> <li>Allocations and Intervention: In future years, providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope; subject to evaluation of the pilots, these mechanisms will be rolled out to other LEPs in future years.</li> <li>Government will set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery.</li> <li>Government will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas.</li> </ul>
--	--

### Building more effective transport and infrastructure

The Deal includes joint investment in five strategic transport and infrastructure projects starting in 2015/16 that will ease congestion and open up access to key housing and employment sites.

In addition, the Deal provides a provisional allocation to the Tees Valley LEP to support key projects starting in 2016/17 and beyond: a strategic maintenance scheme on the A66 to open up access to Teesside Park employment site, a package of schemes to support sustainable access to employment and two further projects to invest in a Bio-therapeutics Centre and National Horizons Centre at Central Park, projects which will be made possible through the 2015/16 investment in infrastructure works to provide site access.

Tees Valley LEP commitments	Central Government commitments
<ul style="list-style-type: none"> <li>Deliver a package of transport and infrastructure projects to improve key strategic routes and open up access to key employment and housing sites, including: <ul style="list-style-type: none"> <li>Invest £1m local private sector funding at Durham Tees Valley airport to create a new</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Invest £12.8m of the newly announced Local Growth Fund in a strategic transport and infrastructure package for the Tees Valley, with £6.9m in 2015/16: <ul style="list-style-type: none"> <li>£2.2m (in 2015/16) for transport and infrastructure works at Central Park EZ,</li> </ul> </li> </ul>

<p>access road that will open up the site for creation of a business aviation park.</p> <ul style="list-style-type: none"> <li>○ Invest £2.1m private sector funding in dualling Ingleby Way and Myton Way to open up key housing sites.</li> </ul> <ul style="list-style-type: none"> <li>● The Local Enterprise Partnership and partners agree to take a more proactive role in consultation on long-term rail planning and franchise specification; and provide a co-ordinating role between constituent local authorities.</li> <li>● The Local Enterprise Partnership agrees to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities.</li> <li>● To support extension of superfast broadband coverage to 90% of UK premises by 2016, via existing broadband projects, Tees Valley LEP will commit to work with local partners and BT to support delivery. To support extension of superfast broadband coverage to 95% of UK premises by 2017, Tees Valley LEP will also work with local partners to help ensure match funding is in place for the next round of projects.</li> <li>● Progress on the development and delivery of the priority transport schemes identified by the Tees Valley Local Transport Body that are fundable within available pre-allocated Local Growth Fund resources</li> </ul>	<p>which will enable further development and investment in this key priority site.</p> <ul style="list-style-type: none"> <li>○ £300,000 into a study of Darlington Bank Top station, to enable proposals to be developed through the Network Rail GRIP process.</li> <li>○ £3m to improve signalisation and widen five roundabouts on the A689 at Wynyard. (£2m in 2015/16)</li> <li>○ £5m at Durham Tees Valley airport to create a new access road that will open up the site for creation of a business aviation park. (£1.4m in 2015/16)</li> <li>○ £2.3m dualling Ingleby Way and Myton Way to open up key housing sites. (£1m in 2015/16)</li> </ul> <ul style="list-style-type: none"> <li>● Provide £10.6m funding as previously announced to transport schemes in the Tees Valley LEP area, including £3.9m to the Middlehaven Dock Bridge, to promote the redevelopment of the Middlehaven site.</li> <li>● Provide a provisional allocation of £36.7m to support key projects starting in 2016/17 and beyond: a strategic maintenance scheme on the A66 (£0.9m), sustainable access to employment (£8.3m), and two projects to invest in a Bio-therapeutics Centre (£10m) and National Horizons Centre at Central Park (£17.5m).</li> <li>● The Homes and Communities Agency will continue to collaborate with the LEP and will work jointly with the LEP towards an exit strategy for disposal of the Onsite sites, so that, where possible, decisions support wider LEP objectives for growth.</li> <li>● The Department for Transport and Network Rail commit to more proactive engagement of the Local Enterprise Partnership in the long-term rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the Local Enterprise Partnership as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of Local Enterprise Partnerships and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with Local Enterprise Partnerships as key local stakeholders.</li> <li>● The Highways Agency commits to developing a more proactive and collaborative approach to promoting national and local growth and commits to continue building strong relationships and working arrangements with Local Enterprise</li> </ul>
---	--

	<p>Partnerships and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the Local Enterprise Partnership in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic growth and development, and commits to providing each Local Enterprise Partnership with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic Development Group to support Local Enterprise Partnerships at a national and sub-national level, and a draft licence published on 23rd June 2014 for the new Highway Agency company includes a requirement to co-operate, which will underpin the arrangements described above.</p> <ul style="list-style-type: none"> <li>• In addition, the Department for Communities and Local Government will continue work with the LEP to explore options for driving the Enterprise Zone.</li> </ul>
--	---

### Creating the environment for business growth

The Deal includes joint investment into Tees Valley Business Compass, the Tees Valley Growth Hub. The project will build upon the successful Regional Growth Fund project with Lancaster University for business growth support. A range of services will be offered to business to include a growth fund to provide capital and revenue grants and improved access to business support services by sign-posting businesses to the most appropriate support for their needs dependent on size, sector, location and issue.

<b>Tees Valley LEP commitment</b>	<b>Central Government commitment</b>
<ul style="list-style-type: none"> <li>• Invest £8.7m local public sector resources in Tees Valley Business Compass (Growth Hub), and secure £43.5m private sector investment through capital and revenue grants to new start-up businesses and Small and Medium Enterprises (SMEs).</li> <li>• Provide £406,000 of local public and private revenue funding in 2015/16 to support the delivery of the local growth hub.</li> <li>• Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private support and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time.</li> </ul>	<ul style="list-style-type: none"> <li>• Invest £5.8m capital in Tees Valley Business Compass, with £500,000 in 2015/16.</li> <li>• Provide £300,000 revenue funding in 2015/16 to the LEP for growth hub business support coordination, subject to the growth hub meeting minimum conditions that reflect the position agreed by the Government review on business support and services.</li> <li>• UK Trade and Industry will commit to effectively communicating its strategic priorities to LEPs and where possible help them access relevant opportunities. UKTI has doubled the number of Partnership Managers to 16. This will ensure that UKTI can work more closely with LEPs and help build their capability to secure more inward investment.</li> <li>• The Technology Strategy Board recognises the important and valuable role that LEPs are</li> </ul>

	<p>playing in promoting and supporting innovation, and is committed to developing strong and effective relationships with LEPs both individually and collectively to build on this.</p> <p>The Technology Strategy Board is committed to supporting LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives.</p>
--	--

**As part of the deal, the LEP will:**

- **Strengthen governance** by reviewing its local governance arrangements with a move to a joint committee or combined authority as appropriate.
- **Ensure implementation and demonstrate success** by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks
- **Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders** by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.